FINANCIAL TIMES

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Contras concentrate on winning the political war, Page 4

World news | Business summary

Pledge on UK church envoy's safety

The safety of Mr Terry Waite, the Archbishop of Canterbury's special envoy who has been missing in Lebanon for eight days, has been guaranteed, according to an intermediary who maintains contacts with a faction holding American hostages. Page 18

Palme case inquiry

The Swedish Government, faced with a row between police and prosecutors seeking the killer of Prime Minister Olof Palme, yielded to opposition pressure and announced a parliamentary inquiry into the case. Page 2

Terror cache found

West German police found a dump of liquid explosives in a Saarland field, apparently after a tip-off from the brother of Lebanese hijack suspect Mohammed Ali Hamadei, whose extradition is being sought by the US. Bonn plays for time, Page 3

Gold miners strike

About 15,000 black miners went on strike at Randfontein Estates gold mine, one of South Africa's biggest, halting production. The owners said later that the dispute had been resolved and the men were expected to return.

American set free

Nicaragua released Sam Hall, 49, an American arrested in Managua last month and accused of espionage. Hall, the brother of a US Congressman, apologized for his actions as he boarded an aircraft for Costa Rica. Page 4

Irish UN troops hurt

Six Irish soldiers of the United Nations peace-keeping force in Lebanon were wounded when guerrillas exploded two remote-controlled bombs under a billet where 18 troops normally sleep. Three more bombs hidden in containers were defused.

Hawke upsets Shamir

Australian Prime Minister Bob Hawke, on a visit to Israel, endorsed the right of Palestinians to self-determination and called on Israel to talk with the PLO. His remarks sparked an open clash of views with Israeli Prime Minister Yitzhak Shamir. Page 3

Britain in the red

The current account of Britain's balance of payments may have moved into deficit last year for the first time since 1979 as lower oil prices halved receipts from the North Sea and a surge in consumer spending triggered faster growth in imports. Page 11

Bus plunge kills 52

At least 52 people were killed and five injured when a bus carrying Hindu pilgrims plunged into a river in Assam state in north-eastern India. Eight other people were missing.

Bhutto Jeep fired on

A Jeep belonging to Pakistani opposition leader Benazir Bhutto was ambushed by gunmen at Jamshera, on the main road from Karachi, but Miss Bhutto was not in it at the time. Later, she said that its three occupants had been abducted.

Philips plant fire

A Madrid factory owned by the Spanish subsidiary of Dutch electronics group Philips was destroyed by fire. Damage was estimated at $7m but nobody was hurt.

US may mend rift

US Deputy Secretary of State John Whitehead arrived in Warsaw for talks with Polish government, church and opposition leaders that could herald the end of Washington's post-Solidarity rift with Poland. Sources said he may meet Solidarity leader Lech Walesa.

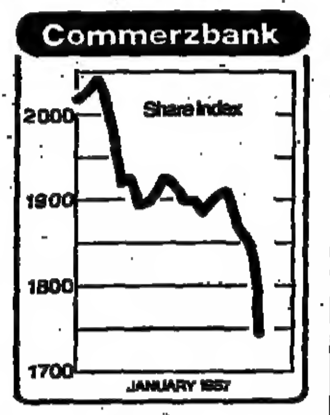
EEC-US poised to sign trade deal

EEC-US TRADE: core of an agreement was in place last night in the simmering grain-trade dispute, but negotiators were still talking on final details of industrial compensation to be added to the package.

European Commission officials said the key question of how much maize and sorghum the EEC was willing to import at reduced tariff rates – to compensate for lost US sales to Spain – was all but resolved, depending only on the other elements.

LONDON: Caution from international investors over possible moves to stabilise the dollar led to a slight fall in share prices. Gilts started firm but faded before the close. The FT-SE 100 index was 2.3 off at 1,812.1 and the FT Ordinary index lost 1.2 to 1,440.4. Page 38

TOKYO: Financial stocks continued their sharp rise to push share prices to a fifth consecutive record high. The Nikkei average rose 103.10 to 19,789.93. Page 38



FRANKFURT: West German share prices plunged on continuing concern about export prospects as the dollar dived. The Commerzbank index suffered its largest ever drop in points, falling 98.5 to 1,741.1, a 12-month low. The latest loss means the index has shed 171.3 points this week. Background, Page 2; Markets, Page 38

WALL STREET: The Dow Jones industrial average closed up 12.94 at 2,163.39. Page 38

DOLLAR closed in New York at $1.7825; SFr 1.4942; FFr 5.9520 and Y151.55. It fell in London to DM 1.7870 (DM 1.8055); to FFr 5.9650 (FFr 6.0325); to SF 1.5020 (SFr 1.5155); but was unchanged at Y151.65. On Bank of England figures the dollar's index fell to 102.7 from 103.8. Page 31

STERLING closed in New York at $1.5405. It rose in London to $1.5365 ($1.5355); to Y233 (Y232.75); but fell to DM 2.7450 (DM 2.7725); to FFr 9.1650 (FFr 9.2625); and to SFr 2.3075 (SFr 2.3275). The pound's exchange rate index remained unchanged at 68.8. Page 31

GOLD fell $1.125 to $409.875 on the London bullion market. In Zurich it rose to $413.25 ($411.55). In New York the February Comex settlement was $410.60. Page 30

BETHLEHEM Steel, struggling US steelmaker, returned to net profit in the fourth quarter last year and expects to break even, at least at the operating level, in the current quarter. Page 19

PARIBAS, French banking group whose privatisation is breaking records on the French stock exchange, has transferred one of its top executives to take over management of Credit du Nord, its troubled commercial banking subsidiary. Page 19

SWISSAIR, Switzerland's national carrier expects a further decline in earnings this year. Page 20

IRI, Italian state holding company, has launched its bid to regain managerial control of Mediobanca, the country's powerful merchant bank. Page 19

RUPERT MURDOCH, Australian-born media entrepreneur, announced that News Ltd had gained control of 56 per cent of the Herald and Weekly Times, Melbourne-based media group. Page 21

Dollar see-saws on trade deficit and talk of Fed support

BY JANET BUSH IN LONDON AND IAN RODGER IN TOKYO

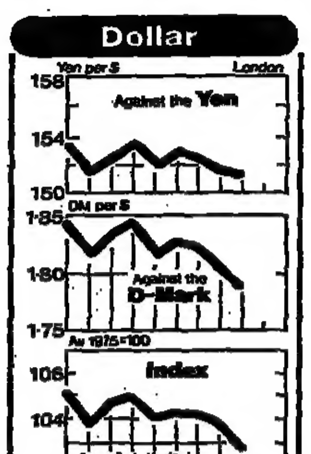
THE DOLLAR swung around sharply in hectic trading yesterday, first pushed lower by pessimism about the US trade deficit and then boosted by rumours, later denied, of an imminent meeting of the Group of Five industrial nations.

There were also widespread rumours that the US Federal Reserve had been buying dollars, possibly on behalf of the Bank of Japan. Following its usual practice, the Fed declined all comment.

The dollar at one stage fell below DM 1.77, its lowest level against the D-Mark for more than 6½ years, which provoked a sharp decline in West German share prices. The acceleration of selling was attributed partly to the minimal impact of Bundesbank dollar purchases on Monday and Tuesday and partly to expectations that Friday's figures will show another substantial US trade deficit in December.

It then rebounded strongly to close in London well above its lows at DM 1.7870 compared with Tuesday's closing DM 1.8055. It also recovered from a low of Y150.15 to end unchanged from Tuesday's close at Y151.65.

The speculation about Fed intervention was triggered in New York, where foreign exchange traders reported a stepping up in the number of routine calls made by dealers at the New York Federal Reserve



Bank, which is responsible for carrying out any intervention ordered by the US Treasury.

They said the New York Fed appeared, more than usual, to be trying to get a feel of the market mood and this was taken as a sign that the Fed might be worried by the extent and speed of the dollar's latest decline. There was, however, no indication that any actual deals had been done.

The other major talking point was speculation about whether a G5 meeting will be held soon. The German Finance Ministry in Bonn moved swiftly to deny yesterday's rumours that a meeting was scheduled last night in New York and called the speculation "ridiculous."

European monetary officials said yesterday, however, that serious consultations were in progress among G5 members and that a decision could be expected within a few days.

The officials said it was plausible that the G5 could decide to meet on February 7 in Paris. But it was equally plausible that the G5 could agree on basic positions by telephone and leave their deputies to work on these before a full meeting in April. One possibility, the officials said, was that the G5 could fix a meeting but make it known beforehand that it would not involve any concrete decisions.

One potential forum for preparatory discussions could be an annual symposium being held in Davos, Switzerland, today. Several key G5 officials have been invited, including Mr Karl Otto Pöhl, Bundesbank president.

The impetus for a G5 meeting appears to be coming from Japan. Mr

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German markets tumble, Page 2; Money markets, Page 31; Market monitors, Page 38

UK Government hints at tough takeover code

BY PETER RIDDELL, POLITICAL EDITOR, IN LONDON

A STRENGTHENING of the UK company Takeover Panel and of the rules concerning the conduct of takeovers is to be considered in urgent discussions between the British Government and City of London regulatory authorities.

This initiative, announced during yesterday's House of Commons debate on the City by Mr Paul Channon, the British Trade and Industry Secretary, represents a stepping up of the Government's campaign to show that it is taking the lead in responding toughly to the latest series of City scandals.

Among the options being discussed are greater disclosure of shareholdings during bids, improved co-ordination between the regulators and the resources and structure of the Takeover Panel, at present an independent City body of practitioners.

In the debate Mr Channon took a robust line in defending the City's overall record against opposition criticism while promising that "any offenders will be punished with the full weight of the law."

In the light of recent controversy over mergers Mr Channon confirmed his belief that competition should remain the primary ground for referring a bid to the Monopolies and Mergers Commission – the adjudicating body on takeovers – and that it was most appropriate for shareholders to consider other factors.

Before the debate Mr Michael Howard, the Under Secretary for Corporate and Consumer Affairs, said the Government was "fully aware" of allegations made by a Labour MP that a licensed securities dealer was trading fraudulently and he said that "such steps as may be necessary will be taken."

Mr Channon stressed in the Commons that he did not at present think that the Takeover Panel should be given statutory powers. But he warned that "if practitioners do not respect the system, we will replace it with one making greater use of statutory powers sanctions."

There will be no formal review or committee. Rather the Department of Trade and Industry will take an active role in discussions which are already going on between the Bank of England, the Takeover Panel, the Stock Exchange and the Securities and Investments Board. This represents a change of approach. Previously ministers had been intending to wait for the inspectors' report into the Guinness affair before considering changes in takeover rules, but they have now concluded that this would take too long.

The discussions are intended to be completed as quickly as possible. While some of the possible measures might be introduced quickly, others may require legislation and

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Guinness cash withheld, Page 11

Confident Reagan puts the sunny side up

By Stewart Fleming in Washington

AS PRESIDENT Ronald Reagan wound up his State of the Union address before Congress on Tuesday night, for once he did not turn to the visitors sitting in the gallery of the House of Representatives and summon two heroes of the American dream to take their bow on national television as he has in past years.

Instead he looked backwards to September 17, 1787 when Dr Benjamin Franklin, one of the founding fathers of the American constitution, observed after scrutinising a painting on the wall where the constitutional convention was being held, that he was convinced it depicted a rising not a setting sun.

Some "cynics" the President said, are "trying to tell the (American) people we are not going to get any better." But Mr Reagan, striking his characteristically optimistic tone declared "America isn't finished: her best days are just begun."

Mr Reagan was doing superbly on Tuesday what everyone knows he does best: delivering a written speech to a television audience. Looking unbelievably fit and energetic for a man who will be 76 next month and who has been in seclusion for three weeks after surgery and will be convalescing for another three weeks, Mr Reagan will have fulfilled the highest hopes of those of his political advisers who have been saying that the first thing he needed to do to revive his floundering Administration was appear to be in charge and full of energy.

But there was a curiously elegiac and defensive tone in what he had to say. Repeatedly he referred to the 'nay sayers' and cynics who are worrying that America's best days are behind it.

"It is widely said that America is losing its competitive edge. Well that won't happen if we act now," Mr Reagan said.

He referred to "last week's television commentary downgrading our optimism and idealism" and invoked the special memory of his mother, "who never knew a stranger or turned a hungry person away from her kitchen" to refute the suggestion.

But as the Democrats were quick to point out, Mr Reagan's Administration, distracted perhaps by the persistent need to defend itself against charges of misconduct in the Iran scandal and burdened with a top official, Mr Donald Regan, the

Continued on Page 18

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Aquino forces split on moves to oust rebels

BY RICHARD GOURLAY IN MANILA

A SERIOIUS split occurred in Philippines armed forces loyal to President Corazon Aquino last night when it became clear that they might be asked to open fire on rebellious soldiers still occupying a television station.

First signs that the Government might be starting to move against the 200 rebel troops came when tear gas cannisters were fired into the grounds of the building and at the building itself as a warning that the army could not wait indefinitely. Water and electricity supplies were also cut off.

Mrs Aquino is anxious to bring the rebels to heel and prove she is a strong leader in full control of the country before Monday's referendum on her plans for a new constitution.

However after the first teargas volleys, reports began to circulate that "outraged officers" had threatened mass resignations if the affair was not ended peacefully. A soldier outside the Channel 7 television station was reported as saying he would not fire his bazooka if ordered to do so.

Citicorp, the US bank, is seeking to restore good will among Philippines businessmen following accusations that it was responsible for the collapse of talks aimed at rescheduling the country's $9.3bn commercial debts. Mr John Reed, chairman, said in a telegram that the bank had "great confidence in the Philippines and tremendous support for the government and its efforts."

This confirmed fears voiced earlier in the day by one of Mrs Aquino's senior advisers who had noted that soldiers would not shoot soldiers.

There was confusion during the day as General Fidel Ramos, the armed forces Chief of Staff, said troops were preparing to flush out the rebels as he had failed to persuade them to leave the station peacefully. Earlier, however, Colonel Oscar Canlas, the rebel leader and an air force intelligence officer, had hinted to journalists that he would surrender eventually and would follow orders from Gen Ramos once some unspecified arrangements had been made.

His conditions for surrender, laid down earlier, included an overhaul of the armed forces, fair treatment for troops loyal to former President Ferdinand Marcos and the retirement of officers who had stayed on beyond retirement age.

After the first seven tear gas cannisters were fired Col Canlas described the attack on radio as an outrage and urged Gen Ramos to stop "this embarrassment." His wife spoke on another radio station, tearfully urging her husband, whose two sons are at the Philippines Military Academy, to surrender.

Col Canlas's group of rebels was the only one not put down during the rebellion early on Tuesday morning. However, he denied that he was involved with any plot to bring Mr Marcos out of exile in Hawaii and restore him to power.

Liffe probes apparent breach of its rules

BY ALEXANDER NICOLL IN LONDON

THE LONDON International Financial Futures Exchange (Liffe) announced yesterday that its market supervision department was investigating apparent breaches of the exchange's rules by a small number of member firms.

Disciplinary action would be taken, it said, if the investigation confirmed that its rules had been broken.

If evidence of transgressions were uncovered, the affair would represent the first scandal to touch Liffe since it was established in 1982.

Liffe did not identify which of its member firms, which number over 200, were the subject of the investigation. But it said it was "satisfied that the interests of customers and clients of the exchange have not been adversely affected in any way."

Cargill Investors Service, part of the privately owned US commodity trading group, identified itself as one of the firms under investigation. It said that it was co-operating with the market supervision department and that its senior trader on floor of Liffe had been temporarily relieved of his duties.

Mr Richard Duncan, managing director of Cargill Investor Services, said: "Since the subject under investigation is Liffe trading rules and practices, we decided to ask our floor manager to stay off the floor until the investigation is complete as otherwise it would have put him in a difficult position."

Liffe traders identified the manager as Mr Keith Catchpole, a former stock exchange member.

As a floor broker, Cargill handles

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International bank lending grew by $167bn in third quarter

BY ALEXANDER NICOLL, EUROMARKETS EDITOR IN LONDON

INTERNATIONAL bank lending grew at an extraordinarily fast pace during the third quarter of 1986, although virtually none of the increase went to the developing world, according to figures published today by the Bank for International Settlements.

The Basle-based BIS said the $167bn expansion in lending to $3,000bn was the largest quarterly increase ever recorded even after the effect of the dollar's decline was taken into account. It represented a rate of growth "close to the very rapid pace of expansion witnessed in the year before the outbreak of the 1982 debt crisis."

Most of the increase was accounted for by a rise in lending by banks to other banks. In particular, the BIS figures show a dramatic increase in the international activities of Japanese banks.

By one definition – that of foreign currency lending by banks within Japan – Tokyo took over London's role as the world's leading Euro-currency centre. BIS figures also show that Japanese banks have taken over from their US counterparts as the world's largest lenders, commanding a 32 per cent share of the market compared with 19 per cent for US banks. Two years ago, their respective shares were 23 and 26 per cent.

After double-counting of interbank lending is netted out, the quarterly increase in international bank credit during the quarter was the biggest since 1981, and was concentrated almost entirely in the developed world, the BIS said.

New lending to developing countries remained very sluggish. Bank lending to developing nations other than members of the Organisation of Petroleum Exporting Countries rose only $200m in the quarter and fell by $4.6bn over the first nine months of the year.

"There were still hardly any signs of spontaneous new lending to problem debtor countries, which in some cases sharply reduced their official reserves held in the form of deposits with the reporting banks," the BIS said.

Underlying the rapid expansion in interbank lending was financing of the US current account deficit, and borrowing by banks to finance holdings of securities which were issued at a very rapid rate during the quarter.

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Stoltenberg may add DM 5bn to tax cuts

BY DAVID MARSH IN BONN

His party's poll showing gave Mr Genscher plenty to smile about at yesterday's cabinet meeting. Chancellor Kohl had good reason to look pensive.

THE West German Finance Minister, Mr Gerhard Stoltenberg, is considering adding around DM 5bn (£1.8bn) to next year's planned tax cuts of DM 9bn as a contribution to maintaining economic growth.

But both he and Chancellor Helmut Kohl are maintaining firm opposition to the idea of bringing forward tax cuts into 1987.

In spite of yesterday's renewed drop in the dollar, Mr Stoltenberg is also sticking to his position of extreme scepticism about the usefulness of any immediate meeting of leading finance ministers.

Such a meeting of the so-called Group of Five has been suggested by Japan as a means of bringing order to the foreign exchanges. But both Mr Stoltenberg and the Bundesbank, the central bank, believe a gathering of top finance ministers would have to be well prepared and would have to produce clear action on reducing US economic imbalances in order to have any effect on the markets.

Mr Stoltenberg accompanied Mr Kohl yesterday in talks between leaders of the conservative Christian Democratic Union (CDU) and the Christian Social Union (CSU) to work out a new coalition policy after Sunday's general election.

The meeting was overshadowed by continued bickering between CDU and CSU officials over which party was responsible for the conservative's losses in Sunday's poll, which nonetheless confirmed the centre-right coalition in power.

Mr Stoltenberg is still resistant to tax cuts in spite of the strengthened position within the coalition of its junior member, the liberal Free Democratic Party (FDP).

The FDP is generally inclined towards tax cuts to strengthen the economy. But the party seems unlikely to put forward any strong demands that they be brought forward as part of impending coalition negotiations.

Count Otto Lamsdorff, the party's economic spokesman, repeated his calll yesterday for tax redutcions in order to bring growth this year to the targeted 2.5 per cent, but this position seems unlikely to be adopted in the next few weeks by the party's coalition negotiators.

Frankfurt share prices tumble

BY ANDREW FISHER IN FRANKFURT

WEST GERMAN share prices dived steeply yesterday on continuing concern about export prospects as the dollar dropped to its lowest level since August, 1980. The fall in prices was more marked than in previous days, and the Commerzbank index fell by 98.5 points, or 5.4 per cent, to 1,741.1. This was the largest drop ever in terms of actual points, bringing it below the lowest level of 1986. Dealers said the speed with which the dollar fell yesterday (it was fixed at DM 1.7754 against DM 1.8196 on Tuesday) unsettled the market and meant that selling orders were met by very few buyers.

The main selling impetus was thought to be coming from abroad, mainly US and UK investors who took profits on stocks purchased when the D-Mark, and share prices generally, were much lower.

Among the biggest losers in German shares yesterday were again those of the car companies, heavily dependent on exports. Daimler fell by DM 55 to DM 985, BMW by DM 16 to DM 475, and Volkswagen by DM 23.50 to DM 350. But other sectors, such as insurance, which have long been highly-priced, also came down sharply. In engineering, Linde shed DM 42 to DM 625, while the electronics group Siemens was DM 21 lower at DM 657. Dealers said investors were now preferring Wall Street and London.

"The whole bourse is suffering under the weaker dollar," commented Mrs Margot Schoener, chief analyst at Westdeutsche Landesbank. "Everything has become more sceptical," she added, referring to the gradual toning down of most economic forecasts.

Like some other analysts, she reckoned the market was basically oversold and ready for a recovery. "But so far, there have been no impulses to reverse the trend." She noted that once the dollar stabilised, sentiment should improve markedly.

Bonn expected to intervene in nuclear plant dispute

BY OUR BONN CORRESPONDENT

THE West German Government looks increasingly likely to intervene to try to settle a complex row over the country's main nuclear fuel plant which could threaten the operation of the Federal Republic's atomic power stations.

The argument, over the Alkem plant in Hanau near Frankfurt, which makes fuel for nuclear reactors out of uranium and plutonium, could have significant consequences on the national political scene. Above all, it underlines the strife over nuclear issues between the main opposition Social Democratic Party (SPD) and the Greens ecology grouping.

This could make any wider alliance between the two parties impossible, in spite of forces pushing them together after the SPD's defeat and the Green's good showing in last *Sunday's general election.*

The two parties have formed a coalition government since 1985 in the state of Hessen, which has jurisdiction over the Hanau plant. However, increased wrangling during the past week in Hessen over the future of Alkem has put the coalition under increasing strain.

Mr Walter Wallmann, the Bonn Environment Minister, who also has responsibility for reactor safety, is close to a decision to overrule the Hessen Economics Ministry over the Alkem affair. However, any move from Bonn would be *highly unusual, because, under* West Germany's federal system, the state governments, not Bonn, have power to act to enforce safety regulations in nuclear matters.

The imbroglio over Alkem, which is controlled by the giant Siemens electrical group, has arisen because of political differences about the legal authorisation given to Alkem to allow it to continue operation.

The SPD-controlled Hessen Economics Ministry has given Alkem permission to handle plutonium only until 1996. This has been rejected by the Greens, who control the ministry, *and who have been pressing for years for the Hanau plant to be closed immediately for environmental reasons.*

Mr Wallmann, meanwhile, has said he cannot accept a decision to give the plant only a limited lease of life. This is ruled out by the country's basic nuclear law. Also, because of the importance of Alkem as the central fuel factory serving the network of nuclear plants, a limited authorisation would make it very uncertain how the nuclear programme could function from 1996.

The Greens have already served notice at the national *level that the future of the* plant will be a key issue in any forthcoming discussions over co-operation with the SPD. Mr Rainer Trampert, one of the Greens' main spokesmen, said on Monday that the party would be more receptive to collaboration overtures if the SPD agreed to "end the plutonium economy in Hessen."

EEC kicks out over football curb

By William Dawkins in Brussels

THE European Commission yesterday aimed a kick at restrictions on professional footballers' freedom of movement, braving some of its own team's fears that the result might be an own goal.

Mr Manuel Marin, Commissioner for Social Affairs and Employment, said the Brussels authorities were ready to start legal action against national football federations in the EEC next summer if they failed to come up with ideas to open up professional football teams to foreign players.

He is to start talks immediately with the Union of European Football Federations (Uefa) and will produce a report by June.

Yesterday's move, the latest step in a largely fruitless wrangle between the Commission and football authorities dating back more than 10 years, comes in spite of the opposition of Mr Jacques Delors, the Commission president, and two of his colleagues, Lord Cockfield and Mr Karl-Heinz Narjes.

They felt that the matter should be avoided because it was of such marginal importance to the EEC's efforts to create a free internal market by 1992.

The outcome, however, could be highly worrying for hundreds of small clubs throughout Europe which have increasingly seen their richer competitors lure the best foreign *talent to their own squads.*

Most national football federations in Europe now allow member clubs to field up to two foreign players in matches — three in Belgium's case — under the terms of a gentleman's agreement struck with the Commission in 1978.

Only Luxembourg, which has no professional footballers of its own, and *Ireland impose no* restrictions on the number of foreign players their clubs are allowed to employ.

The Commission's formal line of attack—despite the disunity within its team—is that such restrictions contravene Community rules on the free movement of workers and the freedom to provide services.

It *depends for that interpretation* on a 1976 European Court of Justice case, the source of the present controversy, in which it was held that the northern Italian club of Rovigo had no right to refuse applications from Belgian players.

Patrick Cockburn reports on the end of near total press censorship

Second chance for Soviet media

"IT USED to be very easy for an editor to have a liberal reputation in the Soviet Union. You could always say to a writer: 'Of course I'd like to publish your stuff' and then add that the censor or your boss had stopped publication."

These days editors publish what they want, says Mr Vitaly Korotich, editor of the Soviet weekly news and cultural magazine Ogonek and one of a new breed of Soviet editors willing and able to take advantage of the end of near total censorship to publish what they want. In six months as editor he has already transformed the fusty product he took over into the most interesting and widely read magazine in the country.

This greater freedom of speech that Ogonek represents is for most Soviets probably the most important change in the nearly two years since Mr Mikhail Gorbachev became leader. Political and economic change were promised by Mr Gorbachev in his speech to the Communist Party central committee in Moscow this week but in much of the press *glasnost* (openess) has actually arrived.

The change in the press is all the more important because the Soviet press, even when Mr Leonid Brezhnev was leader, functioned as a limited forum for debate which took place in the newspapers because of the absence of any democratic institutions. People will take a grievance to the office of a newspaper but never think of going to the representative they have voted for in single candidate elections.

Mr Korotich points out that many ordinary Soviet citizens are still unwilling to take *glasnost* at face value, fearing a return of censorship and the rigidly enforced uniformity of the past. Few want to be caught on the wrong side of the party line.

But "people become braver, more open, less afraid," he says, adding that the main objective is not to commit the same blunders which occurred after 1956, when Kruschev denounced Stalin only to lose power to Brezhnev in 1964. He refers to

'People will take a grievance to the office of a newspaper but never think of going to the representative they have voted for in single candidate election.'

an article in the current issue of Ogonek by Mr Mikhail Shatrove, the playwright, comparing 1956 with 1985 and noting that Mr Gorbachev's selection as Soviet leader was opposed.

In a scarcely veiled attack on Mr Victor Grishin, one of the Brezhnev old guard and for long party boss for Moscow who stood for the party leadership in 1985, Mr Shatrov says there was a danger that the self-laudatory and mendacious slogans which used to appear in Moscow could have been on every wall in the Soviet Union.

Conflict within the ruling Politburo is never normally referred to in the Soviet press so Mr Shatrov's article has been the talking point of Moscow over the past week. The message is that the lost opportunity of 1956 to break with authoritarianism has not been lost. "History is giving us a second chance," concludes Mr Shatrov.

Deeply researched articles on corruption scandals also appear in the magazine. Earlier this year it carried an exposé on corruption in the organisation supplying food to Moscow. Its head was sent to jail for 15 years and his deputy for 12 years.

Writing such pieces has changed the working habits of Soviet journalists. "It is easier to publish soporific articles about great victories and new tractors which can't move but look beatutiful," says Mr Korotich, whose own career reflects the ups and downs of Soviet writers over the past 20 years.

Trained as a surgeon, elected an official of the Writers' Union in 1965 when the liberalism of the Khrushchev era was only just beginning to ebb, he was sacked in 1969 and worked as a freelance journalist editing small magazines before taking over Ogonek last year.

Mr Korotich's magazine is important because it is symptomatic of the change in the Soviet media and arts over the past two years which is having a deep effect on the political system.

The Soviet Union is a society which relies heavily on the printed word. Newspapers and magazines have enormous circulations: the trade union daily, Trud, has a print run of 18.5m, the daily youth paper, Komsomolskaya Pravda, 15m, the Communist Party daily, Pravda, itself 11.5m, and the evening paper, Izvestia, 7m. City and local papers number 3,600 and have a combined daily circulation of 36m.

In the battles between Mr Gorbachev and the Brezhnev old guard, the press has played an important and at times critical role. In many, if not most cases, the attack on political machines created by former retainers of Mr Brezhnev in Moscow, Kazakhstan or the Ukraine has been led by local or national papers.

But the freedom of expression of new magazines like Ogonek plays another important function: it breaks down the nervousness and apathy of ordinary Soviet citizens that Mr Gorbachev's calls for greater democracy are simply another campaign to which an end will eventually come as it did after Khrushchev's years in power. Confidence has been very slow to return and only in the past six months have those who believe glasnost is here to stay outnumbered the sceptics.

Mr Korotich himself feels it is now or never. He says: "If we fail to rebuild now we'll lose everything. We must destroy all these stone and concrete people and do something more human, more democratic. That is the only way to live in the modern world."

Parliament joins probe into Palme murder

By Kevin Done, Nordic Correspondent in Stockholm

THE SWEDISH Government has agreed to establish a parliamentary commission to investigate the circumstances surrounding the assassination of Mr Olof Palme, the former Prime Minister, who was murdered by an unknown gunman on a street in central Stockholm 11 months ago.

Opposition parties have been pressing since last summer for a parliamentary commission to supplement the juridical inquiry that was set up last May headed by Mr Per-Edik Nilsson, the parliamentary Ombudsman.

The announcement of the commission followed a meeting yesterday between Mr Ingvar Carlsson, the Prime Minister, and leaders of the opposition parties called to review the murder hunt.

The latter has developed chaotically in the past two weeks with the apparent collapse of the main line of inquiry that has been pursued stubbornly by Mr Hans Holmer, the Stockholm police chief, ever since the assassination.

Recriminations

The investigation has disintegrated into a series of recriminations between the police leadership and the public prosecutor's office, which, according to Swedish practice, has a major role in leading the investigation.

Mr Claes Zeime, the chief prosecutor in Stockholm, has made clear recently that he has not shared Mr Holmer's commitment to the main line of inquiry.

This has sought to connect those responsible for the assassination with the PKK, a Kurdish terrorist group formed in Turkey in the 1970s and which has been active in Sweden. PKK sympathisers have been convicted for two previous murders in Sweden in 1984 and 1985.

The Stockholm police mounted a dramatic series of raids last week on the Kurdish community and other suspects and took at least 20 people into custody for interrogation.

The swoop, which raised expectations throughout the country, has turned into a fiasco for the police, however, and by earlier this week all 20 had been released.

The public prosecutor refused last week to press charges against three men suspected by the police of complicity in the preparation of the murder. This week, the courts freed three others, whom the police had arrested on suspicion of taking part in the murder in 1985 of a PKK defector.

In the wake of last week's fruitless actions, Mr Leif Hallberg, spokesman for the Stockholm police, accused the public prosecutor's office of "sabotaging" the police's main line of inquiry by limiting their possibilities for in-depth interrogations of a number of suspects.

Crisis meetings

Political pressures have been growing on the Government to replace Mr Holmer at the head of the murder hunt, but both the Prime Minister and Mr Sten Wickbom, the Justice Minister, denied yesterday that plans for reorganising the investigation, including the replacement of both Mr Holmer and Mr Zeime, had been *discussed* with opposition leaders yesterday.

Mr Wickbom has held a series of crisis meetings this week that have included Mr Holger Romander, the national police commissioner, and Mr Magnus Sjoberg, the national public prosecutor, but he denied yesterday that the investigation was to be reorganised.

The exact scope of the parliamentary commission of inquiry has not yet been disclosed, but the Prime Minister is to hold another meeting with opposition leaders in two weeks, when they will be given a first report from the ombudsman, and the progress of the juridical inquiry. Its report is due to be published at the beginning of April.

Competitiveness of French industry to be investigated

BY PAUL BETTS IN PARIS

THE FRENCH Government has appointed a leading independent industrialist to conduct a study of the competitive state of industry. He is Mr Claude-Noel Martin, the former chairman of General Biscuit, the country's biggest biscuit group.

Mr Martin is a highly respected industrialist who resigned from General Biscuit after the company was taken over after a fierce battle by BSN, France's leading foods group.

Government concern about industry's declining competitiveness stems from the fall in the country's industrial trade balance which has been sinking steadily from a monthly average surplus of \$803m in 1984 to \$659m in 1985 and to \$75m last year. In contrast West Germany's industrial trade surplus has been rising from a monthly average of \$4.9bn in 1984 to \$7.3bn last year.

The Industry Ministry points out that France's overall trade balance has shown a surplus only in 1974, 1978 and 1986. Last year's slim surplus was in large measure the result of lower oil prices which cut the energy import bill.

France's share of world exports has also slumped. Compared to the other eight major OECD industrial countries, its exports have fallen in value by about 20 per cent between 1980 and 1985. Moreover, while other European countries saw their market shares recover against the US and Japan in 1985 and 1986, France's remained stagnant.

Despite some positive recent developments, including a recovery in French corporate profits and investments in general, import penetration of the domestic market has been rising from 27.7 per cent to 33.5 per cent between 1980 and 1985.

Madellin aims to reduce the burden of red tape

BY OUR PARIS STAFF

A *CAMPAIGN to reduce the* burden of red tape and administrative procedures for French companies was launched yesterday by Mr Alain Madellin, the Industry Minister. The move is part of the Government's general efforts to improve the efficiency and competitiveness of business.

At a meeting with journalists yesterday, Mr Madellin produced a towering pile of some 800 documents and forms which, he said, represented the average amount of paperwork French companies had to complete every year.

It cost them a total of FFr 14bn (£1.5bn) and the French administration much the same, he said. About 140,000 people were employed by French enterprises to fill in the forms.

In future businesses and the government will be able to short circuit paperwork by using data processing techniques and the telecommunications authority's minitel video terminals. All big French groups are now equipped with data processing systems and about 80 per cent of the country's small and medium sized enterprises have use of such systems.

The Government has conducted a pilot project to rationalise and simplify red tape for enterprises in the Bouche du Rhone region in the south around Marseilles.

Mr Madellin acknowledged that it would take at least five years to introduce the changes. But they would cut the cost to companies by about a quarter.

Belgium to urge common EEC stand on extradition

BY QUENTIN PEEL, IN BRUSSELS

BELGIUM IS to press its fellow EEC members to reach urgent agreement on common rules for extradition and the transfer of convicted criminals as part of the recently stepped-up co-operation on crime and terrorism between ministers of justice and internal affairs.

The Belgian Government, as the current chairman of the Twelve, is also to propose setting up a small secretariat to underpin the collaboration within the so-called "Trevi group" of ministers.

The plans were announced yesterday by Mr Jean Gol, the Belgian Justice Minister, after a meeting here with Mr Douglas Hurd, the British Home Secretary, and immediate past chairman of the group.

The ministers have also been asked by their heads of government to produce a report by June on a common list of banned drugs in the EEC, and the possible harmonisation of criminal laws to counter drug abuse.

Mr Gol said he hoped to persuade all member states to lift their remaining reservations on the European extradition convention, for example, concerning crimes still liable to the death penalty in some states, and to sign the Council of Europe convention on the transfer of convicted criminals.

As part of a push towards the creation of a "single judicial area" in the Community, he was also looking for final agreement on rules concerning recognition of the guardianship of children, and the enforcement of alimony decisions in different member states.

The ministers have set up four working groups as part of their radically increased co-operation finalised under Mr Hurd's chairmanship — on terrorism, the training and equipment of police forces, hooliganism and sports meetings, drug-trafficking and border controls.

Changes in election rules agreed by Malta parties

BY GODFREY GRIMA IN VALLETTA

MALTA'S Parliament yesterday approved a constitutional reform which basically guarantees the party winning most votes in an election the right to form a government. The next general election is expected in May.

The change will avoid the situation similar to that of 1981 when the Labour Party won power on a minority vote. Although the Nationalist Party won 51 per cent of the votes, it was condemned to sit on the opposition benches for another five years.

In future the party which wins a majority of votes will be able, under the island's proportional represenation system, to co-opt enough MPs to gain control of parliament should this become necessary.

Last night's reforms were the result of long talks by the two main parties. The price the Nationalists have paid is acceptance *of* two other less palatable changes to the constitution.

Malta's neutral and non-aligned status, will in future be able to be changed only by a two-thirds majority vote in Parliament. This virtually makes it impossible for the Nationalists to offer bases on the island to Nato should the party win the next election. They have also conceded the principle *of* refraining from accepting any form of backing from overseas political organisations. Foreign interference in the year in which an election is fought will give the Government power to cancel the poll.

Dutch take tough steps to combat petty crime

BY LAURA RAUN IN AMSTERDAM

NO ONE needs to convince Mr Ruud Lubbers, the Dutch Prime Minister, that petty crime has soared in the Netherlands. Twice in the past three months he has chased suspected thieves who tried to steal his wife's car radio.

The fleet-footed Mr Lubbers also has many allies among his countrymen who believe that everyday crime such as car break-ins, shop theft and bicycle snatching, has got out of hand. *However, a package of proposals* to combat petty crime unveiled this week could arouse some controversy

Two of the most controversial proposals are likely to be those calling for unemployed youths to be given jobs as "guards" and shop thieves to be forced to pay for their booty.

In the first nine months of 1986, theft in the Netherlands rose by 8 per cent and vandalism by 19 per cent, according to the central bureau of statistics. The annual cost to society is put at more than Fl 4bn (£320m).

Not surprisingly, the public's attitude toward lawbreakers seems to be hardening. The Roethof Commission, a government-appointed investigation *into crime, found that most* people no longer believed poverty and inequality were the main cause.

Incidentally, Mr Lubbers managed to catch the thief both times. On New Year's Eve, he trapped a suspect in a tram shelter until the police arrived.

Pressures grow for early Italian election

BY JOHN WYLES IN ROME

GROWING FEARS that Italy may soon be drifting for nearly 18 months on a tide of political uncertainty and instability are leading to a chorus of demands for an early general election.

Anxieties are starting to run particularly high in the business community. The fact that prices on the Milan stock exchange are revealing a greater preoccupation with political rather than business news has not escaped Mr Carlo De Benedetti, one of Italy's foremost financiers and businessmen.

In a radio interview this *week, he said that* party squabbling had now reached such a level that it would be better to bring the election forward from June 1988—" given that a four-year legislature is a record for Italy anyway."

At the same time, Mr Renato Altissimo, the Liberal party leader, has emerged as the most senior politician publicly favouring an early election. He and other leaders want to avoid at almost any cost the impending referendum on the future of nuclear energy.

An election would postpone this for a year and give the parties more time to agree a legislative formular for avoiding it altogether, he said in a magazine interview published this week.

Apart from the referendum, the other important factor propelling the country towards an election is the scheduled handover of prime ministerial power in April from Mr Bettino Craxi, a Socialist, to a Christian Democrat.

Few observers and few politicians, apart from the Christian Democrat leader, Mr Ciriaco De Mita, appear to believe that this new government will be able to achieve anything at all since all eyes will be on the June 1988 election.

Even within the Christian Democrat party doubts are being raised about the desirability to taking this risk, particularly as Italy may be facing new inflationary pressures later in the year for which the party may be held responsible.

However, no individual party in the five-party coalition wants to risk the political price of precipitating an election. For this reason, Mr Craxi has reportedly sounded out some other party leaders on the possibility of a joint agreement to dissolve Parliament. One of his senior lieutenants in the Socialist party has warned this week that many more months of pre-electoral jockeying for position could do permanent damage to the political system.

It is widely thought that Mr Craxi would like to cash-in on the successes of his three and a half year premiership lest memories fade by June 1988.

THERE was cautious optimism in the port of Genoa yesterday as the 3,000-strong dockworkers' association began observing the agreement reached on Tuesday to end the long-running labour dispute, writes Alan Friedman in Genoa. Although union leaders insisted the accord was only temporary, port officials maintained that the conflict was over.

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Rafsanjani praises Reagan's courage in seeking to build ties

BY OUR MIDDLE EAST STAFF

THE SPEAKER of the Iranian Parliament, Hojatoeslam Hashemi Rafsanjani, yesterday added to the controversy over US links with Tehran by praising *the courage of President* Reagan and asserting that Washington had again attempted to establish relations.

Heavy fighting meanwhile continued in the Gulf war as Iran continued its push towards the city of Basra and Iraq retaliated by attacking Iranian shipping and oil facilities.

Brandishing a bible, allegedly sent to Iran as a *present* from Mr Reagan, Mr Rafsanjani said the US President had shown courage in seeking to establish better relations with Iran.

However, he said that Mr Reagan was old, weak and in bad health and had therefore been unable to counter unspecified rivals within the Republican Party. He claimed that Mr Reagan's actions had been in opposition to the hostile propaganda in the US aimed at *the Islamic Republic of Iran.*

Mr Rafsanjani also produced a photocopy of the Irish passport which he said that Mr Robert McFarlane, the former US National Security Adviser, *had used when he visited Iran* last autumn.

The latest *American attempt* to get closer to Iran came in a month ago, according to Mr Rafsanjani. He said a meeting took place in Frankfurt with a US *delegation* which including a "Mr Dunbar" from the State Department.

However, Mr Rafsanjani said Iran had rejected the initiative "because the time is not right for talks or discussions with the US."

As he spoke Iran claimed to have killed or wounded another 1,500 Iraqi troops in overnight fighting on the southern front *and had shelled 18 Iraqi cities.*

Iraq responded with air attacks on seven Iranian towns and said that its aircraft had launched a long-range raid on the makeshift oil terminal at Larak Island. An Iranian storage tanker, the Dena, was said to have put out a distress call but did not mention damage or casualties.

The Greek tanker Tactic was also hit by a missile off the Iranian coast and reported that a fire had broken out but its crew were safe.

Japanese warning for US Treasury bond market

By Ian Rodger in Tokyo

THE GOVERNOR of the Bank of Japan warned yesterday that further exchange rate instability could discourage Japanese institutional investors from buying US government securities.

The warning came as the dollar slumped to Y150.55 in Tokyo trading yesterday morning, although it later recovered to close at Y151.20, down Y0.75 from Tuesday's close.

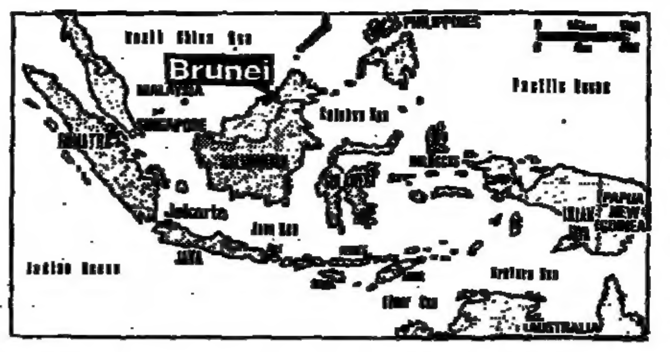
Mr Satoshi Sumita, the *governor, also confirmed that* the bank was considering reducing its discount rate, now 3 per cent, shortly. It had been widely expected that a cut would have been announced earlier this week following the cut by the West German Bundesbank on *Friday, but* the central bank apparently wanted to watch developments in the foreign exchange markets.

Earlier yesterday, Mr Sumita *said* in a speech in Tokyo that institutional investors might get discouraged about investing in US goverment securities. He noted that the US needed to secure smooth *capital inflows* from Japan because of its large current account imbalance.

The first real test will come at the US Treasury security auctions next month. Japanese institutions have recently been large buyers at these auctions.

Brunei turns a leisurely eye to the future

Steven Butler reports on the Sultan's national development plan



AS THE sun goes down on Bandar Seri Begawan, the Brunei capital, a call to prayer rings out from the tall minaret *of a mosque whose gold dome* dominates the city skyline.

The tranquil pace of life in this increasingly modern oil-rich nation seems untouched by the storm of controversy that Brunei aroused recently. Indeed, why should a nation sitting on foreign reserves estimated conservatively at $20bn, or roughly *$100,000* per capita, be shaken by a bit of external turmoil?

The revelations, still not officialy confirmed in Brunei, that the *Sultan of Brunei* has contributed several million dollars to the Contra rebels in Nicaragua, is a bizarre sideshow to an even stranger drama *in the US.*

But the billion dollar bank scandal surrounding the seizure and closing of the National Bank of Brunei, which has put into jeopardy *hundreds* of millions fo dollars lent to it by foreign banks, may have deeper *roots in the story of a little* nation, independent for just two years, coming to grips with what *it now* realises will be an end to the gravy train supplied by oil and gas exports.

This year, diplomats say, for the first time since the 1973 oil shock, Brunei Government expenditures will exceed revenues, excluding overseas investment income. This is but a harbinger of the eventual end of Brunei's proven oil and gas reserves, which should come in about 20 years if the Government follows its plans for extraction.

A national development plan published earlier this year is *part of effort by this tiny nation* to sort out just where it is headed.

That direction depends entirely on Brunei's monarch—Sultan Hossanal Bolkiah. The Sultan acceded to the throne in 1967, after his father's voluntary *abdication,* but his father remained influential until his death last September. The Sultan has since moved swiftly to put a new stamp on the Government.

Two days after the official mourning period for his father ended, on October 30, the Sultan went on Brunei national television and delivered an emotional eulogy to his father. After he had dried his eyes, he said the nation had to get a grip on *its* future and announced a reshuffle of the cabinet.

The cabinet reshuffle moved technocrats into high positions *in the Government, particularly* the Finance Ministry, in evident preparation to encourage a stronger private sector economy.

According to the 1981 census, the latest available, 46 per cent of the workforce is employed by the Government.

Brunei's dependence on oil and gas is striking. In 1985, 71 per cent of Brunei's gross domestic product came from oil and gas revenues. This has declined *steadily from* 84 per cent in 1980, but so too has Brunei's GDP since it peaked in 1980.

Government revenues also depend heavily on the oil sector. They reached a high in 1981, just before expenditures rose with a massive increase in government spending, which resulted in a boom in the construction sector.

This boom has tailed off to some extent and, with both government revenues and GDP expected to decline further this year, extending the 4.4 per cent annual GDP decline since 1980, there is a need to diversify

"The recent downturn in world oil market (sic) and the uncertainty in oil prices have made it more urgent for us to accelerate our industrialisation *process and to develop our non-oil exports,"* wrote the Sultan in a forward to the development plan, announcing that B$3,700m (£1,128m) would be allocated to it.

Much of the money will be spent on infrastructure—roads, ports, power, *and telecommunications.* Education is to be boosted. But if there is a heart to the plan, it lies in building up the private sector, helped by the introduction for the first time of a private-sector pension scheme.

The plan also envisions the modernisation and expansion of the agricultural and fisheries sector and various industrial projects.

These *are fairly* modest endeavours, but the question is whether the entrepreneurial drive will emerge among Brunei's citizens, who have grown accustomed to a rather different sort of lifestyle—with subsidies for everything from *rice to car loans.*

To encourage the private sector to play a role, the Government has recognised that the financial system must make available sufficient funds and is therefore planning to promote Brunei as a financial centre with a new monetary authority and a development bank. Putting even a small part of its own wealth into *local institutions could go a* long way toward getting the ball rolling.

The crackdown on the National Bank of Brunei, some observers believe, was part of the process of the Government trying to introduce greater control over the banking system, to clean it up in order to give it stability and respectability. (Some still believe, however, that the bank scandal stems from a family dispute between the Sultan and the *family* of Tan Sri Koo Teck Puat, which controls 70 per cent of the bank.)

"The development plan is long on ideas, and short on specifics," comments one diplomat.

That may be true, but the Brunei Government appears to be taking a fairly methodical approach to putting its economy into better shape and has not yet made any of the spectacular blunders that have plagued other oil-rich economies. In any case, with foreign reserves worth more than five years of the current annual GDP, there appears little reason to hurry into things.

Donors pledge 20% aid increase to Philippines

BY GEORGE GRAHAM IN PARIS

DONOR countries have pledged $1.6bn to $1.78bn of aid to the Philippines in 1987, a 20 per cent increase over the last year, the World Bank announced in Paris yesterday.

Mr Jaime Ongpin, the Philippines Finance Minister, said the pledges, together with the *agreement* on rescheduling official debts he reached last week, would strengthen his country's hand in negotiations with banks on its commercial debts.

Mr Ongpin is to meet representatives of the commercial banks' advisory committee in Paris this week to fix a date for the renegotiation of $3.6bn of the country's debt.

Relations between the Philippines and the commercial banks have been sour recently, but Mr Ongpin yesterday took a conciliatory line. He said the Philippines had no plans to follow the example of Brazil, which recently expelled Mellon Bank from the country over its attitude on debt rescheduling.

Mr Ongpin had been reported as threatening to do the same to Citibank, but he said yesterday that such action would not be legal under the current Philippines laws, *and he had no plans to introduce* new legislation.

The Philippines reached agreement last week with creditor governments in the Club of Paris on the rescheduling of $870m of official debts falling due between January 1987 and June 1988.

At stake in the negotiations with *commercial banks is $3.6bn of debt* falling due between 1987 and 1992.

The Philippines also wants to renegotiate the $5.6bn originally rescheduled in 1984, however, and a further $3bn of trade facilities needs to be renegotiated.

Bonn plays for time in kidnapping drama

BY PETER BRUCE IN BONN

THERE IS a famous picture taken during the hijacking of a TWA Boeing 727 in the Middle East in the summer of 1985—taken after the *hijackers* had killed a US Navy diver on board, it shows the anxious captain of the aircraft leaning out the cockpit while a man behind him holds a pistol to his head.

The man with the gun bears a chilling resemblance to Ali Abbas Hamadeh, 28, who was arrested by West German police at Frankfurt airport on Monday and who is now in a prison in the city. His brother, Mohammed Hamadeh, arrested at the same airport on January 13 while trying to smuggle nine litres of liquid explosive into the country, is in the same jail.

Abbas Hamadeh's arrest complicates an already exquisitely delicate problem for the Bonn Government as it struggles to free two German citizens taken hostage in Beirut in revenge for Mohamed Hamadeh's arrest and, at the same time, meet an American demand for his extra*dition to face* charges there of hijacking and murder. Washington long ago identified Mohammed as one of the TWA hijackers.

A crisis team has been meeting daily in Chancellor Helmut Kohl's office complex and contact has been *established—to* the dismay of some Americans who see this "negotiation" as a sign of weakness—with the kidnappers, who are now thought *to be involved in other* kidnappings in the past few days.

There are signs that the political leadership in Bonn is playing for time. US extradition documents have been in Bonn for more than a week now and by late Tuesday had not reached Frankfurt, *were the plea will be* heard in court. An information blackout drawn over the crisis makes it impossible to measure the effectiveness of Bonn's actions.

While Washington continues to insist on the extradition, events in Germany this week have begun to move probably far too quickly for the politi*cians.* Aggressive *anti-terror* authorities, led by the country's chief prosecutor, Mr Kurt Rebmann, picked up Abbas Hamadeh and then raided the *home of a friend of his,* another Lebanese named Hamza Kassim, near Merzig in the Saarland on Tuesday.

What happened during the *raid is unclear. One of the* Kassims was shot and badly wounded and there were arrests. In a field not too far away police found a cache of the same *liquid explosive,* methylnitrate, that Mohammed Hamadeh was caught with two weeks ago.

There is tension between the *political leadership in Bonn* and Mr Rebmann, who wanted, for instance, to extradite Mohammed Hamadeh immediataly. Tuesday's actions seem *to show* him to be little troubled by any need for delicacy.

But having arrested Abbas Hamadeh a difficult question is what to do with him. He married, but is separated from, a German woman and is a West German citizen. He cannot, therefore, be extradited.

If he is identified as one of the hijackers he could, theoretically, face trial in Germany and *his arrest may leave Bonn holding* a vital card in its negotiations with the Beirut kidnappers.

It is in many ways a stand *off, though most pressure is on* Bonn, not the Hamadeh family.

Hawke call to deal with PLO upsets Shamir

BY ANDREW WHITLEY IN JERUSALEM

MR ROBERT HAWKE, the Australian Prime Minister, yesterday called on Israel to deal with the Palestine Liberation *Organisation,* describing it as "the only broad organisation" which could speak with authority for the Palestinians.

The Australian leader is currently visiting Jersualem, in the *course of* a three-nation Middle East tour, which has already taken him to Jordan. He is due to travel on to Egypt today.

Earlier, at a state banquet in Jerusalem, Mr Hawke—a staunch supporter of Israel, previously regarded here as a loyal friend—had sparked an *open clash of views* with Mr Yitzhak Shamir, the Israeli Prime Minister.

Endorsing the Palestinians' right to self-determination, the *Australian Prime Minister* said this should include the possibility of establishing their own state. For his part, Mr Shamir totally rejected both the concept of a Palestinian state and any dealings with "terror and terror *organisations.*"

AMERICA – STATE OF THE UNION

Cabinet to review high-tech export curbs

By Nancy Dunne in Washington

PRESIDENT REAGAN has directed his Cabinet to review the US export control programme and give him recommendations by early March on means of decontrolling widely-available technologies that offer no serious threat to US security.

In a written message to Congress, accompanying his State of the Union address, the President said he wanted to eliminate unilateral controls on products widely available in other countries and to implement "a fair, equitable and timely dispute resolution process" for export licences.

He said the time necessary for companies to acquire export licences should be reduced by a third.

"These actions must be co-ordinated with efforts by our allies to make procedures more uniform and enforcement more rigorous," he said.

The President's action represents a complete about-face for his administration, which has given the Pentagon unprecedented authority over high technology exports.

Several recent studies have concluded that tight controls have harmed American business and aggravated relations with US allies, while failing to block the export of many strategically useful exports to the Soviet bloc.

In other proposals the President sought to make the "competitiveness" issue, now obsessing Congress, his own.

After years of asking for cutbacks in jobs programmes, he proposed a $1bn scheme to help an estimated 700,000 additional workers adjust to economic change and retrain with the help of local private industry councils.

He also recommended an $800m youth initiative "targeted towards improving the skills of children in welfare families."

Without actually asking for a further dollar decline, he said the US would build up progress over the year, including institutional arrangements, "to guarantee a more stable and realistic value of the dollar" for improved growth abroad.

EXCERPTS FROM THE PRESIDENT'S ADDRESS

'I wouldn't let them and I won't let them cripple SDI'

FOLLOWING ARE excerpts from President Reagan's State of the Union address before a joint session of Congress today.

". . . Six years ago, I was here to ask Congress to join me in America's New Beginning. The results are something of which we can all be proud.

"Our inflation rate is now the lowest in a quarter of a century. The prime interest rate has fallen from the 21.5 per cent the month before we took office to 7.5 per cent today, and those rates have triggered the most housing starts in eight years.

"The unemployment rate — still too high—is the lowest in nearly seven years, and our people have created nearly 13m new jobs. . . .

"We can also be heartened by our progress across the world. Most important, America is at peace tonight, and freedom is on the march. . . .

"But though we have made progress, I have one major regret. I took a risk with regard to our action in Iran. It did not work, and for that I assume full responsibility

"The goals were worthy. I do not believe it was wrong to try to establish contacts with a country of strategic importance or to try to save lives.

"And let there be no mistake about American policy: We will not sit idly by if our interests or our friends in the Middle East are threatened, nor will we yield to terrorist blackmail . . .

"While the world is safer, it is not safe. Since 1970, the Soviets have invested $500bn more on their military forces than we have.

"Even today, though nearly one in three Soviet families is without running hot water . . . their government still found the resources to transfer $75bn in weapons to client states in the past five years — clients like Syria, Vietnam, Cuba, Libya, Angola, Ethiopia, Afghanistan and Nicaragua.

"In Central America, too, the cause of freedom is being tested. And our resolve is being tested there as well. . . .

"Democracy is on the march in Central and South America. Communist Nicaragua is the odd man out — suppressing the church, the press, and democratic dissent and promoting subversion in the region.

"We support diplomatic efforts, but these efforts can never succeed if the Sandinistas win their war against the Nicaraguan people. . . .

"Nicaraguan freedom fighters have never asked us to wage their battle, but I will fight any effort the shut off their lifeblood and consign them to death, defeat, or a life without freedom.

"We Americans have always preferred dialogue to conflict, and so we always remain open to more constructive relations with the Soviet Union.

"But more responsible Soviet conduct around the world is a key element of the US-Soviet agenda. Progress is also required on the other items of our agenda as well — real respect for human rights, and more open contacts between our societies, and, of course, arms reduction.

"In Iceland last October, we had one moment of opportunity that the Soviets dashed because they sought to cripple our Strategic Defence Initiative — SDI. I wouldn't let them do it then. I won't let them do it now or in the future.

"This is the most positive and promising defence programme we have undertaken. It's the path — for both sides — to a safer future; a system that defends human life instead of threatening it. SDI will go forward.

"We've had great success in restoring our economic integrity, and we've rescued our nation from the worst economic mess since the Depression.

"But there is more to do. For starters, the federal deficit is outrageous . . . What the Congress finally needs to do is pass a constitutional amendment that mandates a balanced budget and forces government to live within its means . . .

"Next—the budget process is a sorry spectacle . . . We ask the Congress, once again: give us . . . a line-item veto so we can carve out the boondoggles and pork that would never survive on their own. I will send the Congress broad recommendations on the budget, but first I'd like to see yours . . .

"Now, let's turn to the future.

"It is widely said that America is losing her competitive edge . . . The Congress will soon receive my comprehensive proposals to enhance our competitiveness

"We're entering our third century now, but it's wrong to judge our nation by its years. The calendar can't measure America because we were meant to be an endless experiment in freedom—with no limit to our reaches, no boundaries to what we can do, no end point to our hopes . . . my fellow citizens—America isn't finished; her best days have just begun."

Contras concentrate on winning the political war

BY PETER FORD IN MANAGUA

THE DRY season has arrived, and with it the Contras. Slipping across the border from their camps in Honduras, the Nicaraguan rebels are making their first serious efforts in over a year to bring the war to the Sandinistas.

But the northern Nicaraguan hills are only one front in the Contra war. More important still, Contra officials acknowledge, is the Washington front, where the United Nicaraguan Opposition (UNO) fights for the hearts and minds of Congressmen.

"We have to win the political war, then the military war comes later," argues Mr Ernesto Palacios, UNO spokesman in Washington.

The Iran-Contra arms scandal and the recent Congressional elections that gave the Democrats control of both Houses, have posed an uphill task for Mr Palacios. But his prospects are not entirely bleak.

Senate opponents of Contra aid say their initial headcount still leaves them two votes short of victory. House Democrats are more confident, but no one is predicting certain defeat for President Reagan's request for another $105m for his "freedom fighters" next year.

With uncertainty ruling the Contra's political future in the US, and with Washington preoccupied by Irangate, "we can't exert much influence there at the moment," says Mr Leonardo Somarriba, secretary general of UNO.

Instead, the Contras have turned their attention to some of the issues that are likely to sway Congressmen when the time comes to vote.

One issue is the question of unity among the various groups of exiles.

Former Sandinista hero Mr Eden Pastora, for example, who defected in 1982 to form his Democratic Revolutionary Alliance (Arde) refused to join UNO on the grounds that it included people such as Enrique Bermudez, once a National Guard colonel, and now head of the Contras' largest military group, the Nicaraguan Democratic Force (FDN).

But by lining up Arturo Cruz and Alfonso Robelo—both of whom had served in Nicaragua's post-revolutionary government—alongside FDN leader Adolfo Calero—UNO did help dispel the Contra's ragged image.

However, Mr Cruz and Mr Robelo soon found out that, for all their backing from the US State Department, real power still lay with the FDN. The result is that, while UNO presents the Contras' public face to the world, the FDN remains firmly in control of operations in Honduras.

But moves are afoot now, sources close to the rebel leadership say, to give the Contras the sort of political coherence and credibility they need if they are to attract real support from Nicaraguans both at home and in exile.

The first tentative step in this direction was taken earlier this month by leaders of UNO and of the Southern Opposition Block (Bos), a Social Democratic group which has maintained its independence from UNO while co-ordinating political pork.

The two organisations jointly released the Contras' clearest statement yet of their political outlook.

The document, while by no means a detailed government strategy, sets out a fundamentally conservative position, offering "an authentically democratic regime forming an integral part of the Western world," which stresses political pluralism, the family, and private property as "an expression of natural law."

The state would be allowed a "regulatory role" in economic affairs, but "the economic regime will be oriented towards the establishment of a market economy," the document says. Sandinista reforms and social organisations would be dismantled and the Sandinista Front would be excluded from the planned provisional government.

But many in the US Congress are sceptical about the Contras' viability as a military force after 18 months in which the rebels have launched scarcely any serious attacks.

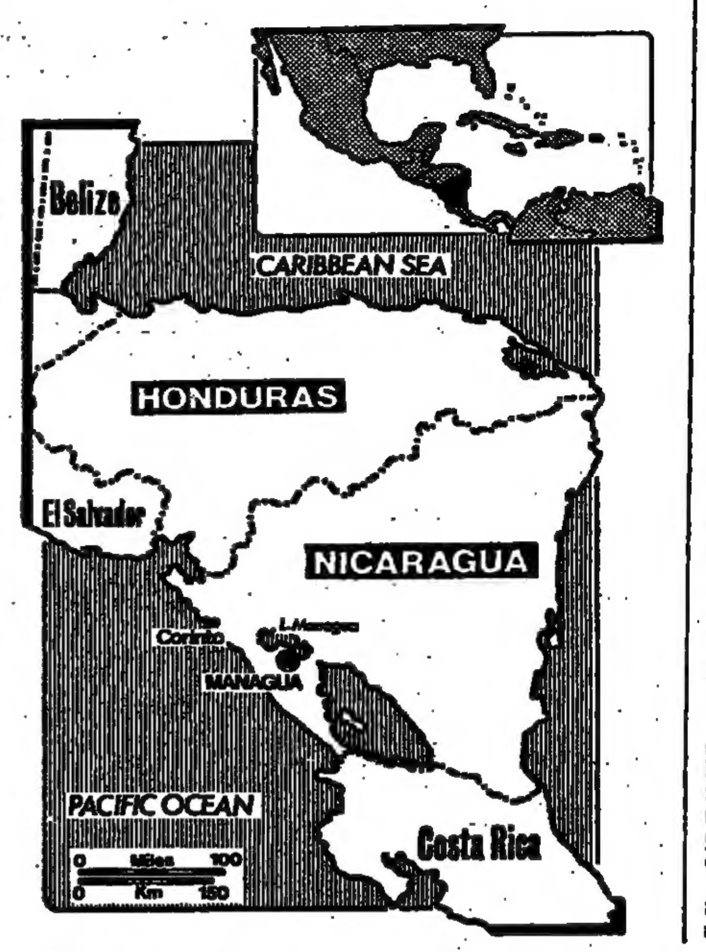
A force of some 1,000 to 2,000 FDN troops have managed to maintain themselves in Central Nicaragua, but the vast bulk of the FDN, some 10,000 men, have been bottled up in their Honduran base camps by Sandinista troops for over a year.

Only now, as the official US military aid begins to flow, are they making their way into Nicaragua. Some 3,500 guerrillas have infiltrated across the border over the past month, according to FDN officials, though Sandinista estimates are far lower, at around 1,500 men.

Rebel leaders say they have no intention of launching spectacular but militarily risky operations and instead plan simply to expand their presence inside Nicaragua. But if they are to convince the US Congress that they are worth continued support, Congressional staffers warn, they will have to do more than that.

The least stringent measures of success, offered by Contra sympathisers as realistic yardsticks, call for an "internal front," attacks on significant Sandinista military installations and the co-ordination of several operations.

It may be, Western military observers here say, that the US training that some rebel field commanders are now undergoing will give them those sorts of capabilities. But so far, they add, there is no sign of them.



Swiss bar information from bank

By John Wicks in Zurich

THE US will not receive information from Switzerland for some time on accounts held with Credit Suisse which were allegedly used in the American arms deal with Iran.

According to the Swiss Ministry of Justice, a total of eight appeals has been made against the granting of legal assistance to the US authorities by the Swiss Government.

These appeals will go first to the Federal Bureau for Police Affairs, which had initially approved the Washington request for legal assistance, and possibly on from there to the Supreme Court in Lausanne.

The appeals concern intergovernmental assistance in connection with the accounts of 10 "natural" and two "legal" persons held with the Geneva branch of Credit Suisse.

The Justice Ministry in Berne says six of the eight appeals have been made by "account-holders named in the US application," the identity of the two other appellants not yet having become clear.

The bank itself had stated last month that it would refrain from appealing.

OTHER AMERICAN NEWS

US agrees sale of F-16 jet fighters to Bahrain, Eygpt

BY LIONEL BARBER IN WASHINGTON

THE US has agreed to sell F-16 jet fighters to Bahrain for the first time and to sell Egypt another 40 of the advanced aircraft, two deals which substantially boost American arms sales to the Middle East.

The arms sales — which must be approved by Congress — reflect President Reagan's pledge in his State of the Union address that "We will not sit idly by if our interests or our friends in the Middle East are threatened . . ."

Bahrain will receive 12 F-16s along with missiles, radar receivers and other equipment in a deal valued at $400m.

The Pentagon said both deals "Will contribute to the foreign policy and national security of the US

Egypt, which has already been allowed to purchase 80 F-16s, will buy another 40 along with related equipment in a deal worth $1 3bn, according to the Pentagon.

The latest purchase by Egypt is part of that country's effort to replace its ageing Soviet-made MiG fighters supplied more than 20 years ago when Egypt was closely aligned with the Russians.

Egyptian officials in Washington were unable to reveal details of the financing arrangements for the aircraft, but they stressed that the purchases were part of Egypt's longstanding policy of strngthening its air defence system.

The Pentagon conceded, however, that Egypt's air force was still in the process of absorbing its previous F16 and E 2-C radar plane purchases but said that its commitment to self sufficiency supported the sale.

● In a separate deal, the Pentagon also announced it had agreed to sell South Korea part for a variety of American made planes already in its inventory in a deal worth around $65m.

Shultz set to meet ANC leader

By Lionel Barber

Mr George Shultz, US Secretary of State, was due to meet Mr Oliver Tambo, leader of the African National Congress, in Washington yesterday in a move likely to enhance ANC claims that it is the leading and legitimate representative of black people in South Africa.

It is the first time an American Secretary of State has met with an ANC leader

They said the meeting was aimed at encouraging Mr Tambo to come up with some fresh ideas for peaceful political reform in South Africa and to hear the ANC's own views.

One of the main objections held by the US against the ANC has been its equivocal attitude to violence

The meeting between zMr Shultz and Mr Tambo has also aroused controversy because conservatives such as Sen Jesse Helms, new chairman of the Senate Foreign Relation Committee, argue that the US is placing relations with the ANC ahead of the Pretoria Government.

GOVERNMENT-BUSINESS LINKS COME UNDER SCRUTINY

Canada land deal sparks corruption debate

BY BERNARD SIMON IN TORONTO

A SCANDAL over the sale of a Quebec property at an inflated price to the Swiss weapons maker Oerlikon-Buhrle has raised delicate questions about the wider relationship between government and business in Canada.

While outsiders may often think of Canada as a model of propriety, the Oerlikon affair has reopened debate on a number of practices which many Canadians despise but which have become an accepted and self-perpetuating part of their country's political life.

The scandal itself centres on a 40-hectare piece of land in the town of St Jean-sur-Richelieu, south-east of Montreal. Between January and June 1986, the land was sold three times. The last buyer, Oerlikon, paid C$3m (£1.45m) for it, more than three times the price at which the land had changed hands at the beginning of the year.

Oerlikon bought the property, which was zoned at the time for residential development, from a numbered company controlled by Mr Gerard Lebreux, a local land speculator and former carpet salesman.

The Swiss company initially took an option on the site on January 24 1986. Mr Lebreux bought the land just nine days earlier from another speculator, who in turn had acquired it on January 13 from a group of Montreal investors.

The site was needed for a missile vehicle assembly plant, which an Oerlikon-led consortium agreed to build as part of its bid for a C$600m contract for a low level air defence system (LLAD) for the Canadian armed forces. The contract was awarded to the Oerlikon group in April 1986.

Oerlikon exercised its option on the land in June 1986 after the St Jean town council had rezoned it for industrial use.

Suspicions that the St Jean land deal may have profited some parties with prior knowledge of the Oerlikon contract have already led Prime Minister Brian Mulroney to dismiss Mr Andre Bissonnette, Minister of State for Transport, who represents the town in parliament. Oerlikon has sued the president of Mr Bissonnette's constituency association, and the police have been called in to probe possible criminal wrongdoing.

As the appetite of opposition parties and the media has been whetted, interest in the land deal has widened to include Oerlikon's other links with the Government both before and after it won the LLAD contract.

The company replaced its Montreal law firm with one in which one of Prime Minister Mulroney's closest friends and confidants, Mr Jean Bazin, is a partner. Mr Bazin, whom the Government recently appointed to the Senate in Ottawa, has also named a director of Oerlikon's Canadian subsidiary 10 days after the Swiss-led consortium won the LLAD contract last April.

To handle its public relations work, the Swiss company hired a Montreal consultancy owned by a prominent Quebec organiser for the ruling Progressive Conservative Party.

Oerlikon recruited a former member of Mr Mulroney's staff as the manager of the St Jean project. Two military officers attached to the government team which evaluated bids for the LLAD contract now work for Oerlikon's Canadian subsidiary.

The Swiss company has defended the land purchase on the grounds that even the inflated price of the St Jean site is lowe rthan property values in Switzerland and some other parts of Canada.

Much of the concern over the deal is a broader one, stemming from, in the words of an editorial in Toronto's Globe and Mail newspaper, "a political culture where connections are assuming unseeming currency."

John Deere strike set to end

By James Buchan in New York

JOHN DEERE, the world's largest manufacturer of farm equipment, and union negotiators yesterday announced a tentative agreement which should bring to an end a six-month strike at 14 of the company's plants.

The company, which is based in Moline, Illinois, said it expected the United Auto Workers to vote on the 18-month settlement as early as the weekend

The plants became idle on August 23 when the UAW picketed four factories and John Deere closed the remainder.

The UAW was seeking cost-of-living adjustments and job security for its 12,300 members at John Deere, which has been crippled by the weakness in the North American farm economy.

John Deere said it had made concessions on both issues

John Deere plunged into loss last year for the first time since the Great Depression.

GM chairman under attack

By Anatole Kaletsky in New York

MR Roger Smith, chairman of General Motors, came under a ferocious personal attack yesterday from a group of institutional shareholders who own between them nearly 10m shares or 3 per cent, of GM's stock.

The verbal onslaught, in which representatives of American's biggest public sector pension funds said they might soon consider selling GM stock or seeking to replace the company's senior management, came after a meeting in which Mr Smith attempted to justify a recent payment of over $700m to Mr Ross Perot, a former GM director, who had publicly criticised the management's performance.

It was clear after the meeting, which was organised by the Council of Institutional Investors, a body representing 30 pension funds with over $160bn of assets, that Mr Smith had failed to alay the shareholders' disquiet, not only about the Perot buyout, but also about his whole stewardship of GM.

Mr Harrison Goldin the New York comptroller, who oversees the management of $28bn in New York pension fund money, said shareholders remained "dissatisfied" with the way Mr Smith has performed.

US Government may delay data

THE US Government said yesterday it was considering changing the reporting schedule for key trade and economic data because of concerns about accuracy, Reuter reports from Washington.

The change – for merchandise trade and Gross National Product (GNP) – is being considered because reports from the Customs Service have been slow to come in, said the Commerce Department Spokesman, Mr B. Jay Cooper.

As a result, trade figures have had to be substantially revised each month. GNP reports use the trade figures.

The department is considering moving back the trade figures by 10 days to two weeks and the quarterly GNP figures by one week

Monthly trade figures now come out in the final week of the following month. For example, the figures for December and for all of 1986 are scheduled to be published on Friday.

Cooper said the December data, which is certain to show the US trade deficit in 1986 exceeded the record $148.5bn deficit recorded in 1985, is likely still to be released tomorrow.

Washington considers action against Airbus

THE US is ready to file unfair trade charges against the West European consortium Airbus Industrie if it goes ahead with plans for new jets to compete with the McDonnell Douglas MD-11, US officials said yesterday, Reuter reports from Washington.

Two senior US trade officials will meet members of the three major governments sponsoring Airbus on February 2-4 in Paris, Bonn and London in stepped-up effort to block Airbus inroads into American dominance of the commercial aircraft industry.

Airbus Industrie's governments will be asked to curb their financial backing for sales and production of the proposed A-330 and A-340 series.

Long-standing US complaints against Airbus include unfair government subsidies; sales of aircraft at prices below their cost of production; and inducements such as landing rights in the three nations if foreign airlines buy Airbus aircraft.

In addition, McDonnell Douglas has complained that Airbus officials are trying to persuade some airlines to renege on letters of intent to buy the wide-body MD-11 and instead buy Airbus aircraft, the US officials said.

Boeing, the world's dominant aircraft-maker, had earlier put the Reagan Administration under pressure to move against the West German, French and British subsidies of Airbus. Spain is a lesser Airbus shareholder.

Airline specialists say the world market for a new wide-body aircraft is too small for both the Airbus and McDonnell Douglas versions to succeed and make money.

The American delegation to Europe will be headed by Mr Bruce Smart, Under-Secretary of Commerce for international trade, and Mr Michael Smith, Deputy US Trade Representative.

Mr Clayton Yeutter, US Trade Representative, in announcing the mission by Mr Smart and Mr Smith last month, said he regretted that previous extensive negotiations had not resolved the dispute.

One charge the US is considering filing is under a provision of the General Agreement on Tariffs and Trade (Gatt) that government subsidies must over the long term give the industry a reasonable chance of making a profit.

Gifts left for missing soldiers

VETERANS and families of US servicemen missing from the war in south-east Asia left packages on the steps of the Laotian Embassy in Washington, saying they wanted them delivered to their loved ones, AP reports from Washington.

The packages contained canned food and medicine, toothbrushes, deodorant and other toiletries, playing cards, notebooks and other items. Two dozen members of the National Vietnam Veterans' Coalition left about 80 packages bearing the names of Americans they contend are still being held prisoner in Laos, 15 to 20 years after being captured there.

"Our message to the Laotians is we are delivering these 'Care' packages and telling them we know they are still holding prisoners of war," said Mr J. Thomas Burch Jr, a former Green Beret major now a Washington lawyer.

"Our information is they are treating them very badly and we want this food to go to these people," said Mr Burch. Police and Secret Service uniformed police blocked off the footpath in front of the embassy and prevented the group from leaving the rest of the more than 1,500 packages.

Tension rises over criticism of Mexico

BY WILLIAM ORME IN MEXICO CITY

US and MEXICAN cabinet members are due to meet in Washington today amid growing tension over Washington's criticism of Mexican peacemaking efforts in central America.

Mr Bernardo Sepulveda, Foreign Minister, is leading Mexico's delegation to the long-planned session of the United States-Mexico Bi-national Commission, which has been convened annually at the ministerial level since 1981.

Mr George Sholtz, US Secretary of State, Mr Edwin Meese, Attorney-General, and Mr James Baker, Treasury Secretary, are expected to represent the US at the meeting, which will address issues ranging from immigration and drug-trafficking to trade policies and Mexico's foreign debt.

Mr Gustavo Petricioli, Finance Minister and one of four Mexican Cabinet Secretaries attending, is expected to urge pressure on the dozens of US regional banks that refuse to sign Mexico's new $7.7bn commercial loan pact.

Overshadowing this bilateral agenda, however, is an increasingly open US-Mexican dispute regarding the Central American negotiating efforts of the so-called Contadora Group, formed by Mexico along with Colombia, Panama and Venezuela.

Mr Elliot Abrams, the Assistant US Secretary of State for inter-American affairs, provoked fury in Mexico City last Friday by saying that Contadora was "led from the left" – by which, he explained, he meant Mexico and Peru.

Mr Abrams also said the Contadora was trying to impose "fake treaties," protecting and legitimising Sandinista rule in Nicaragua.

Aides to Mr Sepulveda said that the Mexican Foreign Minister would seek an explanation for Mr Abrams' accusations from Mr Shultz tomorrow.

As a matter of declared policy, the US supports Contadora, but its diplomats in the region say they are working to block peace accords which would not force Nicaragua to "democratise."

'Spy' released by Nicaragua

By Peter Ford in Managua

AN AMERICAN citizen held for six weeks on espionage charges after being arrested outside Nicaragua's main military air base, was released yesterday on medical grounds.

Mr Sam Hall, who had admitted being a freelance spy, had displayed "an unstable personality inclined to lead him to carry out acts that could end his own life," a Sandinista government official explained.

Mr Hall, brother of a US congressman, was handed over to Mr Gary Froelich, a family lawyer, yesterday morning, and boarded a commercial flight to the US.

Mr Hall was detained outside the Punta Huete air base, and found to have maps and notes hidden in his socks. During his interrogation, however, state security officials began to harbour doubts about their prisoner's mental health.

After an examination by two psychiatrists, Mr Hall was declared "exempt from criminal responsibility" for his acts, Mr Javier Chamorro, Deputy Foreign Minister, told reporters on Tuesday night.

Information for the Shareholders of Nixdorf Computer AG

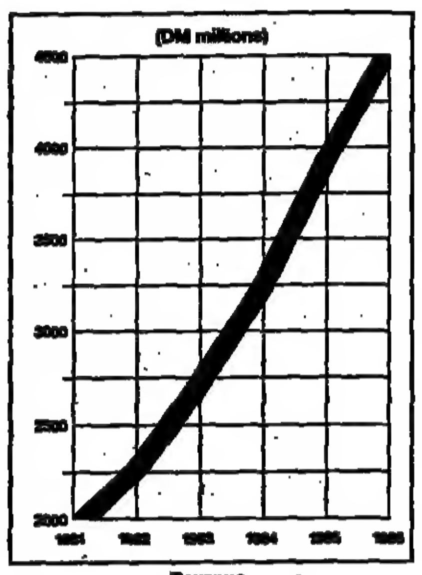
Nixdorf Creates Capital For The Future

Capital Growth Resources

Nixdorf attained its growth target in 1986 by lifting revenue 15 per cent to DM 4.51 billion. But for adverse currency movements affecting the conversion of foreign sales into D-Marks, revenue would have increased by 21 per cent. So for yet another year, Nixdorf again outpaced the industry average.

Our objective in 1987 is to stay firmly on the growth path. With orders on hand totalling more than DM 4.43 billion, we're off to a very good start. As the year began, orders on hand were up by 13 per cent on the level a year ago. This figure was also affected by adverse currency movements.

In preparation for ongoing expansion, we again kept



Revenue

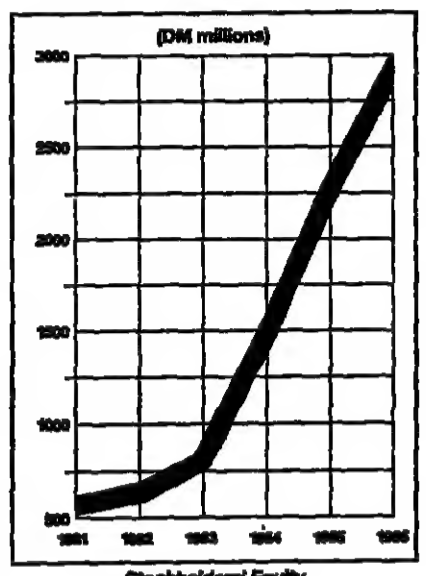
capital expenditure high in 1986: Besides recruiting and training an additional 2,300 personnel, we invested DM 600 million in fixed assets, and DM 420 million in research and development.

Capital Financial Resources

Pursuing growth on a firm financial base has always been a Nixdorf principle: Our equity ratio of more than 60 per cent says everything. Our financial resources allow us to continue business expansion while retaining our independence.

That's one advantage. Another is for you the customer to ponder: after all, this exceptional financial base is also an assurance that Nixdorf is a dependable, long-term partner who will stay with you into the future. We nurture this partnership by sustained and substantial capital investment in fixed assets, research and development, and ongoing training of our people.

We intend to seize every opportunity for expansion in



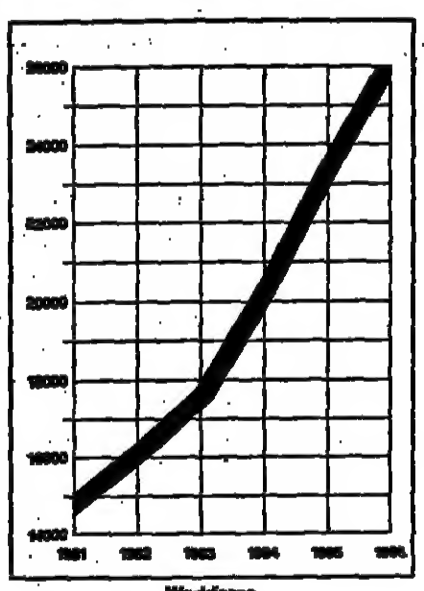
Stockholders' Equity

our established markets, while opening up additional revenue sources in new growth markets: With innovative applications like CAD/CAM solutions and telecom products.

Capital Competitive Resources

People are our most important asset. Our competitiveness depends essentially on their skill and commitment. This explains why we invest so heavily in personnel training. We have to: 7 out of 10 of our workforce of 25,600 people are employed on customer support activities, where their qualifications make all the difference. We're also deeply committed to vocational training for newcomers to the industry: in 1986, the number of Nixdorf trainees rose by 23 per cent to 1,800.

This year, we plan to take on another 2,000 personnel, chiefly to consolidate Nixdorf's traditional strengths in customer service and software development. If there's one single attribute that gives us the edge over the competition, it's our dedication to meeting customer requirements. It's this that guarantees Nixdorf users a lasting and successful partnership.



Workforce

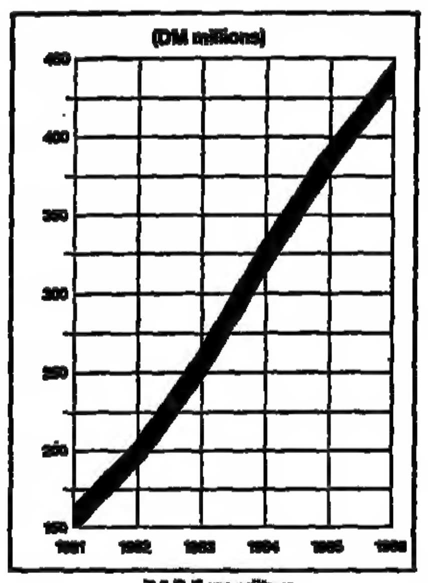
Another of our competitive strengths is our in-depth knowledge of vertical industries. As a 'general contractor' for information technology solutions, this industry expertise gives us the ability to understand every customer's business and offer each a system suited to their needs. Our aim is to become Europe's Number One system supplier providing users with total solutions, complete with hardware, software and comprehensive services.

Capital Innovative Resources

Converting new technologies into innovative solutions is a Nixdorf tradition. And this is based on a long-standing company commitment: to provide the end-user with all the benefits of computer power.

Nixdorf takes "raw material" chips, for example, and customises them creatively to provide end-users with information technology in the form of future-oriented systems. These systems extend the power of the computer to include word processing, graphics and voice communications; they encompass multifunctional terminals and database applications for integrated information processing in the office or factory.

With its innovative resources, Nixdorf is furthering the convergence of computer and communications technology, and accelerating



R&D Expenditure

the emergence of new and better telecom services: With products like ISDN-capable PABXs, digital telephone systems, videotex terminals and broadband switching systems for the German PTT.

Our R&D expenditure in 1986 amounted to more than 9 per cent of revenue.

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NIXDORF COMPUTER

WORLD TRADE NEWS

French move threatens to block start of Gatt round

BY WILLIAM DULLFORCE IN GENEVA

FRENCH ANGER over the concessions being offered to the US for the loss of its grain sales to Spain yesterday threatened to block the start of global trade liberalising negotiations under the General Agreement on Tariffs and Trade (Gatt).

The EEC yesterday rejected a programme for the key negotiation on agriculture under Gatt's new Uruguay Round which had been accepted by all the other principal farm trading countries.

Mr Tran van Tinh, the head of the EEC delegation, said the Community was paying a heavy price to settle the dispute with the US resulting from Spain's accession.

It could not be expected to pay a further price by bowing to US insistence that the Gatt negotiations on agriculture should be put on a fast track.

France will be the hardest hit by the compensation which the Community's foreign ministers agreed on Tuesday to offer the US for the loss of some $400m a year in sales of maize and sorghum to Spain.

Details of the compensation have yet to be announced but yesterday France was refusing

Tran van Tinh: "paying a heavy price"

to allow the EEC to accept the plan for negotiating agriculture in the new round.

Officials from other EEC countries said the Chirac Government felt it could not afford to be seen by French farmers "capitulating" twice in one week to US pressure.

Agriculture is the last element remaining to be put in place in the comprehensive negotiating programme for the new round covering 14 subjects agreed by Gatt's 92-member countries over the last 10 days.

The trade negotiations committee, the controlling body for the new round, had been scheduled to meet yesterday afternoon, to adopt the programme, but the meeting was postponed, as the farm trading countries went into an informal huddle to find a compromise.

At dispute was the question of whether a working document spelling out proposals for the reform of agricultural trade should be completed in an initial phase ending this year or should be left to a later stage.

By delaying preparation of the working document France believes it will have a means of blocking the US desire to start substantive talks.

The EEC position dictated by France came under heavy fire in Gatt yesterday. Mr Mike Samuels, the US chief negotiator, said preparation of the programme for the Uruguay Round could not be linked with bilateral issues.

US urges foreign role in Japanese telecoms

By Ian Rodger in Tokyo

THE US Government has told the Japanese Ministry of Posts and Telecommunications (MPT) that it expects foreign companies to be included in the consortium selected to provide the country's second international telecoms service, Mr Bruce Smart, US Under-Secretary of Commerce, told Mr Shigeo Sawada, the Post and Telecommunications Vice Minister. This adds another complication to the manoeuvrings between the two consortiums competing for the licence.

Cable and Wireless, the British telecommunications group, has a leading 20 per cent stake in one of the consortiums International Digital Communications Planning (IDC), and Pacific Telesis and Merrill Lynch of the US have 10 and 3 per cent respectively. The other consortium, International Telecoms Japan (ITJ), has no foreign participants.

The ministry has made clear that it opposes the presence of foreign companies in whichever consortium wins the franchise to operate Japan's second overseas telecommunications system. But Mr Smart told Mr Sawada that the US was distressed that there was no foreign involvement in the ITJ consortium.

He pointed out that the Japanese enabling legislation provided for foreign participation up to 33 per cent, and the US Government would be watching closely to see if US and other foreign interests were involved.

The ministry has encouraged ITJ and IDC to merge, and negotiations are underway. However, one consequence of a merger might be to reduce the total foreign involvement. US officials said yesterday they would be distressed if the foreign involvement in the winning consortium was less than 33 per cent.

There were reports early this week in Tokyo that the US was lobbying on behalf of American Telephone & Telegraph, seeking to win it a position in one of the consortiums. An AT & T official in Tokyo yesterday said the company was not interested in participating in the project.

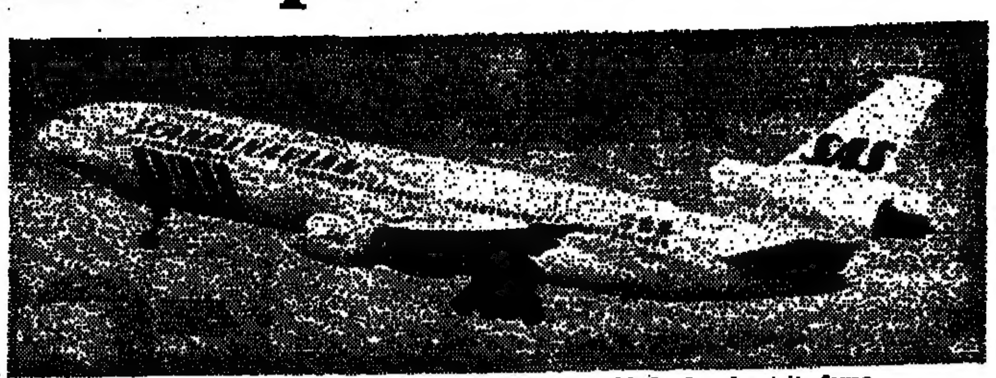
Ambassador Michael Smith, the Deputy US Trade Representative, who is also in Tokyo this week, will meet with Mr Sawada today to reinforce the US view.

Scandinavians now fly to the US for half price, **Hilary Barnes** reports

Denmark sets pace on air fares

FROM this week, Scandinavians have been able to fly to the US for half the previous lowest discount fare, a breakthrough for which Denmark's Prime Minister, Mr Poul Schlueter, is chiefly responsible.

He appears to have overruled his own Minister of Transport, Mr Frode Noer Christensen, and Ministry of Transport officials, who argued that Denmark could not approve new low fares without the agreement of the other Scandinavian Governments and SAS, the Scandinavian airline.



SAS had little alternative but to follow Denmark's lead and cut its fares

"Just because SAS has a kind of monopoly, that is no reason why Danes should not be able to enjoy cheap travel to the US," he was quoted as saying when he decided that Denmark would approve applications for cheap discount fares Copenhagen-New York from Tower Air, a small American independent, and Northwest Orient airlines.

Faced with the Danish Government's determination, Norway and Sweden had little alternative but to follow the Danish lead, with SAS also introducing the new cheap fares from the Scandinavian capitals to its US destinations. The Tower air fare is DKr 1,999 (£189) and the other airlines are charging Kr 2,499 for a round trip of minimum seven days and maximum 14 days.

Mr Schlueter's support for cheap air fares on the transatlantic route, and his decision to go ahead whatever the Norwegian and Swedish Governments and SAS thought about the matter, is causing other airlines, Danish and foreign, to ask whether the Danish Government's next step will be to support a more liberal air transport regime in Europe.

The fares between the Scandinavian countries and European destinations are notoriously the highest in Europe, while SAS jealously maintains its monopoly as the only Scandinavian carrier for scheduled traffic (as opposed to charter holiday traffic) on all routes which SAS wishes to fly.

"It is a tiny crack in the dyke," Mr Bjarne Hansen, managing director of Maersk Air, called the Danish Government decision to allow cheap transatlantic fares. Maersk, a Danish independent, has long been pressing for permission to fly Copenhagen-London in competition with SAS.

Another challenge to the Danish and Scandinavian Governments' entrenched opposition hitherto to a more liberal regime in Europe will come from British Caledonian and Air Europe, two British airlines which are applying for licences to fly between London and Copenhagen in competition with SAS and British Airways.

The UK Civil Aviation Authority may award licences to the two newcomers, but if the Danish Government follows previous practice, it will turn down the applications with reference to the air services agreement between Denmark and the UK, which specifies that each country can only designate one airline each as a carrier on this route (London being defined as Gatwick, Heathrow, Luton and Stanstead).

Mr Michael Spicer, the British Aviation Minister, tried in 1985 to get the Danes to agree to allow other airlines to fly this route, but met with an intransigent refusal.

The UK Government is expected to make renewed efforts to breach the SAS-British air monopoly through changes in the air service agreements if the applications from the two UK airlines are vetoed by Denmark.

Meanwhile, the Danish and other Scandinavian governments have only approved the new low fares across the Atlantic for the period until October and have indicated that the low prices will not be approved for further periods unless SAS is awarded rights to fly to more than the four destinations it at present serves in the US—New York, Chicago, Seattle and Los Angeles.

There are now four US airlines serving Scandinavia, TWA, PanAm, Northwest and Tower. There is no indication that SAS is willing to open up for other Scandinavian airlines, such as Denmark's Maersk, Sterling (the Tjaereborg group airline) and Connair (owned by the Spies travel group), to fly to the US.

"It is an absurd situation," said Maersk's Mr Hansen. "Tower Air is flying Tjaereborg's customers to New York, creating jobs in New York, but the Government can't allow Sterling to fly people to New York on the same terms."

French battery group in $28m Soviet deal

By Paul Betts in Paris

SAFT, the French industrial battery and accumulator company controlled by the Compagnie Generale d'Electricite (CGE), has signed a FFr 170m ($28m) technology transfer contract to supply the know-how and equipment to build a nickel-cadmium accumulator plant in the Soviet Union.

The contract with the Soviet Union, which took several years to negotiate, has offset in part the French company's disappointment at failing to acquire the nickel-cadmium accumulator business of General Electric in the US.

Saft said yesterday that GE was concerned that a sale of the accumulator business to Saft would have raised US anti-trust objections. Saft is the world's third largest group in this sector after GE and Sanyo of Japan.

US to press for import curbs on Canadian steel

BY BERNARD SIMON IN TORONTO

US OFFICIALS will today press home calls for Canada to curb its steel exports to the US.

Both government and industry officials strongly denied reports that Canadian negotiators would propose a voluntary restraint agreement when officials from the two countries meet today to review the steel dispute.

But Mr Daniel Romanko, the director of the Canadian Steel Producers Association, said that options being considered included voluntary quotas, a tightening of country of origin rules and other export regulations, and retaliation against the US steel industry in the event of Washington taking action against Canada.

US congressmen have threatened to curb Canadian access to the American steel market in the wake of the Canadian industry's rising market share, estimated at 3.8 per cent. Pennsylvania Senator John Heinz has threatened to introduce a bill imposing steel quotas on Canada, Taiwan and Sweden unless the three countries agree voluntarily to restrain exports within 90 days.

Canada was exempted from US quotas imposed two years ago on 18 other countries after domestic producers agreed to hold their market share below 3 per cent.

The Canadians are in a stronger position than most other countries to stand up to the US. The American steel industry has a 5 per cent share of the Canadian market, and Canadian producers buy almost all their metallurgical coal and half their iron ore from the US. Ottawa and Washington are in the process of negotiating a comprehensive bilateral free trade agreement.

China signs satellite contract

BY ROBERT THOMSON IN PEKING

CHINA'S first contract to launch a commercial satellite was signed yesterday by the state-run Great Wall Industrial Corporation and the New York-based Teresat, which expects the launch to take place early next year.

The chinese corporation had signed several preliminary agreements with foreign companies, but the signing yesterday confirms that it is a genuine competitor in the satellite launching trade.

Chinese officials said another contract with the Swedish space corporation had been initialled and will be signed in coming weeks, and indicated that further contracts are likely.

Teresat's 1,320 kilo Westar-VI satellite will be launched by the Long March Three rocket, one of China's two launch vehicles, from a space centre at Xichang in the south-west of the country. The Chinese rockets can place a maximum payload of 1,400 kilos in a geo-stationary transfer orbit.

Western diplomats said the price was about 15 per cent below the prevailing international rate of about $30m, and the state-run People's Insurance Company of China has offered to insure the launches at discount rates.

Korean Air to spend $2bn on aircraft

By Maggie Ford in Seoul

KOREAN AIR is to invest $2bn over the next five years in new aircraft, according to the South Korean flag carrier's president, Mr Cho Chuong Kun.

He said in a newspaper interview yesterday that the money would be spent on Boeing 747s, McDonnel Douglas MD11s and Airbus Industrie A-300 series, made by the European consortium.

A South Korean trade mission due to visit the US late next month is thought likely to place orders for around $700m worth of US-made aircraft.

Mr Cho said that $700m of the money would be spent over the next three years.

He added that Korean Air's revenue in 1987 was likely to grow by around 8 per cent, but that higher oil prices would reduce profits.

Yugoslavs in $500m order for MD-11s

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

McDONNELL Douglas of the US has won a further $500m order for its new MD-11 tri-jet long-range airliner from JAT, the national airline of Yugoslavia.

JAT is buying two MD-11s, to be delivered in 1991 and 1992, with options on another three aircraft for delivery betwen 1992 and 1994.

The order, the largest yet placed by JAT, is the sixth from Europe for the MD-11, which was formally launched at the end of 1986, and it brings total orders and options for the aircraft to 98, worth close to $10bn including initial spares.

Each MD-11 is estimated to be worth about $100m.

JAT will use the aircraft to replace its existing fleet of McDonnell Douglas DC-10s and to meet traffic growth over the years ahead.

The airline is planning to start services to Los Angeles via Chicago in May, and to China later this year.

Dragon Airlines awarded licences for more flights

BY KEVIN HAMLIN IN HONG KONG

DRAGON AIRLINES, the 20-month-old aviation concern controlled by shipping magnate Sir Yue-Kong Pao, has been awarded licences by Hong Kong's Air Transport Licensing Authority to operate scheduled flights to 21 secondary destinations.

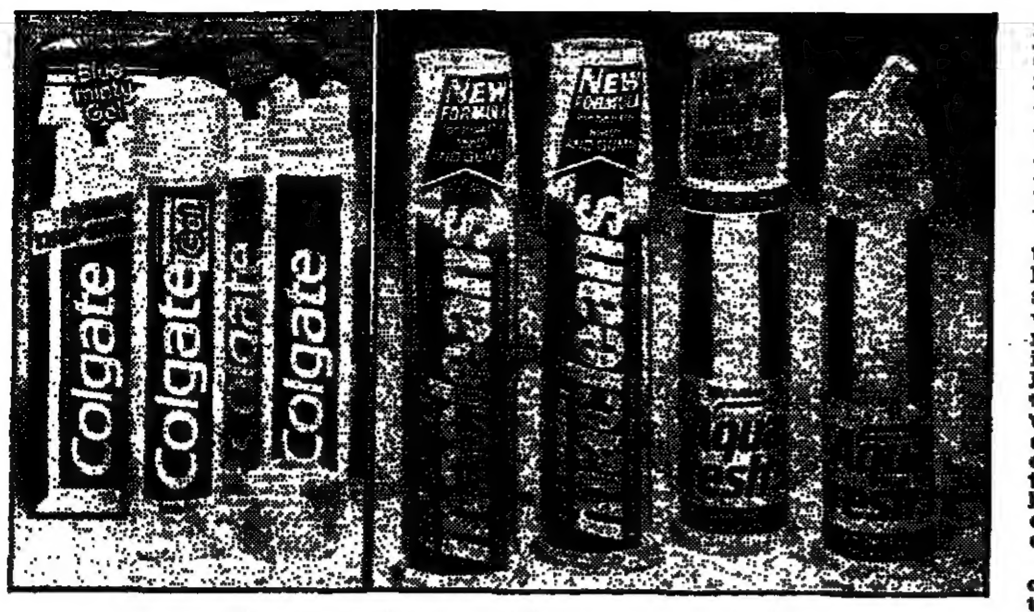
The authority's decision was announced on the same day that China bought a 12.5 per cent share in Cathay Pacific Airways, the territory's de facto national carrier.

Before yesterday it seemed likely that Dragonair would prosper in the long term because of Peking's backing, provided through Sir Yue-Kong's close connections with China. But that seems to be in doubt after China International Trust and Investment Corporation's HK$2bn ($257m) investment in Cathay.

Dragonair has been awarded air traffic licences to fly to Kathmandu in Nepal, Dhaka in Bangladesh, Guam, four destinations in Japan (Nagasaki). Kagoshima, Oita and Kumamoto) and 14 destinations in China.

MANAGEMENT: Marketing and Advertising

EDITED BY CHRISTOPHER LORENZ



Pumps versus tubes: the payoff is that you pay more for less

Pumping new life into the toothpaste market

BY FEONA McEWAN

HOW frequently do you find yourself battling to get into a product? The yoghurt tub that showers you as you pull back the flap, the fruit juice carton that spurts in your face, the cereal pack that sheds its load when you try to undo the dotted line.

*Toothpaste is a classic bug*bear. The bursting in-the-middle problem may have gone with the new soft laminated tubes, but the major brands still spend most of their working life messy and mis-shapen — the curse of the bathroom shelf.

That was before the advent of pump dispensers, probably the most radical visible development to sweep the toothpaste market in recent years and one of the most innovative packaging concepts in the supermarket today. After liquid soap, pump deodorants and hairsprays, it was only a matter of time before we had toothpaste on tap.

Since last year most of the major brands have been available in solid stand-up tubes which dispense paste in dollops at the touch of a lever.

As well as initiatives from the big four manufacturers (Colgate, Beecham, Elida Gibbs, Procter & Gamble), leading retailers like Marks and Spencer and Sainsbury have endorsed the idea with own-label products. Now with pumps claim*ing some 10 to 12 per cent of* the total UK toothpaste market in three years, it looks like they are here to stay. The leaders in the new pump sector are Colgate and Aquafresh, both of which claim to be number one, and Gibbs Mentadent P.

The advantage of pumps is obvious to the user. Convenience and less wastage rank high. In other words, the product, which in itself is often not dissimilar to its competitors, is invested with added value, giving fresh interest to what many consumers consider a boring pro*duct. The pay-off is you pay* more for less. Most 100ml pumps cost about £1.20 compared with the 125ml family tubes at about £1. A useful side benefit of pump dispensers is proving to be the ease with which arthritis sufferers can use them.

However suddenly the rash of pumps on supermarket and chemists' shelves may have appeared, the development of dispensers has not happened overnight. The shape may be simplicity itself, but the logistics of paste on tap set designers plenty of headaches, which have taken years to overcome.

The containers had to retain and maintain flavour; there had to be total reliability of pump action; the consistency had to be just right, too hard and it wouldn't flow, too soft and it seeped into the bristles of the toothbrush; and the paste had to avoid drying out in the nozzle.

Signs are that innovations won't stop here. There is now talk of a dose control device, giant sizes, choice of flavour within the one container and many more refinements to keep consumers coming back for more.

The technology of toothpaste on tap is more complex than it might at first appear. Beecham (which puts its Aquafresh and Macleans in pumps) was one of the last to enter the pump market — spurred on, say *some, by the sight of loyal con*sumers being wooed by rival pump manufacturers' products.

With the aim of developing a superior model, says Ian Mcpherson, marketing director Beecham Toiletries, the company came up with a vacuum system (unlike rival ratchet systems) which he says is totally reliable. It also has a self-sealing closure giving constant rhythm to the flow of paste, preventing drying out, and cutting off toothpaste cleanly at the end.

With its premium price, it was felt at first that only more affluent consumers would take to the pump. However, Beecham, among others, reports to its surprise that there is considerable interest among lower income groups.

Initial research showed the product appealed mainly to young mums who were always seeking ways to encourage their children to brush their teeth. "They appeared willing," says Mcpherson, "to buy the product on a price quality consideration rather than the usual price volume factor, which is encouraging."

The origins of the pump are unclear. West Germany is said to be one of the first countries to develop the idea. Certainly it was from Henckel of Dusseldorf that the US came by it, when it was taken up by the small Minnesota-based Minnetonka, an innovative company (which had launched liquid soap, Obsession perfume and is about to distribute a radical treatment for hair loss). Its Check-up pump toothpaste brand claimed 5 per cent of total US toothpaste sales in 1984. When major players, Colgate and later P & G, entered the scene with their heavyweight marketing muscle, its share shrank to 2 per cent and now Minnetonka is selling off the brand.

First to blaze the UK trail in 1982 is generally agreed to be Marks and Spencer, which illustrates how retailers can teach manufacturers a thing or two. *Gibbs followed in the* spring of 1983 with Mentadent P and then Colgate. M and S reports that pumps now outsell tubes.

Consumers' enthusiasm for the new-look toothpaste has been slower than many manufacturers expected, though one more knowing observer commented: "Not surprising, really when you think how traditionally conservative the British are. They put up with soap powders in the cheapest cartons and toothpaste in the most cost effective form, tubes . . ." Trade estimates suggest that three in four housewives have yet to try pump dispensers.

European consumers have adopted the vertical toothpaste tube more warmly, though they have had the choice for longer. In West Germany pumps claim more than 16 per cent of the toothpaste market, in France, 15 per cent, Canada 13 per cent, and Italy and Belgium more than 10 per cent (these are 1985 figures). But they all lag behind the oral hygiene-conscious US which has *18 per cent penetration.*

In general, the arrival of toothpaste pumps is expected to have little overall effect on the size of the toothpaste market which is already mature, currently valued at about £100m in the UK. According to the British Dental Association, the total toothpaste market in volume terms is increasing by only 2 per cent a year. (That excludes denture cleaners, themselves a considerable market, since more than 40 per cent of British adults have some or all false teeth.)

Long-term market growth will come, say the marketeers, through education and dentists preaching consumer awareness of oral hygiene. Habits are changing in the UK (the British apparently use more toothpaste per capita than the French, for instance) but this is nowhere near the amount used in the US and other parts of Europe where there is a growing trend towards cleaning teeth after every meal.

Competition in the toothpaste market is intense. Manufacturers, faced with a static market and under increasing pressure from own-label products, are constantly seeking to improve their market share by adding value.

It is a battle of percentage points, as recent figures from Mintel, the market research company, and trade estimates, show. In the UK, for instance, the current position appears to be that Colgate has around 29 per cent of the market, while P & G has somewhere in the region of 12 per cent.

For the moment pumps are here to stay but to what extent they infiltrate our bathrooms depends inevitably on consumer enthusiasm for the product. The battlefield for the major players has moved on to the more familiar territory of product development with the introduction of plaque or tartar control formula paste, developed first by P&G and then by Colgate.

This special formula is in response to the growing incidence of gum disease. In the UK it is said to afflict nearly all adults over 35 at some stage of their lives and with tooth decay on the decline, there is more chance of losing teeth through gum disorders than tooth decay. The new toothpastes are aimed at reducing build-up of the offending tartar previously removed by regular scraping by dentists.

Selling to Japan

Time to spurn the sporran

Carla Rapoport passes on some hints to hopeful exporters

AT 10 am each morning, Linda Gale stops work, stands at her desk, and bows to the east. Gale, along with all the employees of Isetan department stores, is greeting the day's customers.

Her office is nowhere near the store's entrance, where senior managers greet the first customers in person. But in every Isetan office, whether the customer appears or not, employees stand and bow with *respect each morning, listen to* the company song and then return to work.

Gale is the only foreigner working at Isetan, one of Tokyo's leading department store groups. A fluent Japanese speaker, she has spent more than four years as special advisor to the general merchandise manager for imported merchandise. She doesn't mind the special Japanese devotions to Isetan's customers. The store's traditionally Japanese customs do not mean that it discriminates against foreign goods. Isetan, with sales in 1985 of $1.6bn, derives about 10 per cent of its sales from imported goods, giving the store one of the highest import penetrations in Japan.

Nonetheless, Gale's job is not an easy one. The problem, she says, is not so much selling the Japanese on foreign products, but selling foreign companies on Japan. Born and raised near London in the UK, she has a special interest in selling British goods in Japan. A veteran of three major British promotions, one featuring 12 imported sheep and a shearer, she has some firm ideas about what British companies can do to improve their profile in Japan.

"The traditional, masculine image of Britain, of the kilt-clad piper or the palace guardsman have been faithful symbols, *but frankly they need facelifts,"* she says. The Japanese, she says, are well aware of old favourites such as Scotch whisky, smoked salmon, tea, bone china, tartan and tweed fabrics and cashmere pullovers. The trouble is that severe competition in the domestic market is currently hurting traditional Japanese products and brands, "so Britain cannot just afford to rely on tradition alone."

On the basis of her experience to date, she offers the following advice:

"I haven't sold a single bottle—but a lady from Yokohama has bought you"

● Get rid of the agent and set up a Tokyo office or increase the number of trips to Japan. "Using agents, isn't that abdicating responsibility?" says Gale. Wedgwood, for example, has trebled its sales through Isetan since it set up a Tokyo office in 1984.

● Haunt the Japanese department stores. The Japanese love gimmicks. A current best seller is a credit card which contains a tiny ball point pen and propelling pencil. Clever design often justifies a high price. The credit card/writing set sells for about £4.25.

● Participate in British import fairs. "Some say there are no long-term benefits in these promotions, but I see it as a test market for new merchandise. There will be re-orders for successful merchandise," she says.

● Stay ahead of the imitators. Japan's Aylesbury House clothing brand, to the Japanese shopper, is nearly identical to Scotch House clothes. A local company called Ashford has come up with something called "British business gear systems" which is almost identical to the popular Filofax memo and data book. Decreasing sales have resulted in the British brand being dropped from the main Isetan store.

● Accept unacceptable English promotional material. "Could you accept a slogan such as: Let's active Britain?" she asks. It sounds ridiculous to foreign ears, but to the Japanese, it works. One of the most success*ful advertising slogans in recent* years was for a Tokyo health club: "Let's healthy sweat together."

● Consider all-year round merchandise. Despite the excitement surrounding the Prince and Princess of Wales' visit to Japan last spring, there was little spin-off for British exporters. This was because there is not a wide enough range of British goods found in Japan. Most British clothes are suitable for winter, but are entirely unsuitable for the Japanese spring and summer.

● *Consider selling aimed at the* two Japanese gift-giving seasons. "We really have two Christmasses here, one in the summer and one in the winter," says Gale.

About 30 per cent of imported British food is sold during these two seasons, called O-Chugen in the summer and O-Seibu in the winter. The potential for more import sales is high. Currently, top sellers are still traditional things like seaweed, soap and salad oil. But the gifts, which are sent to customers and clients, are becoming more *international as Japan comes* under more pressure to spend its yen overseas.

Surprisingly, the strengthening of the yen, Gale says, has had little impact on sales of imported products. In fact, a cut-price Scotch whisky promotion last year actually sold *fewer* bottles than a regular promotion the year before. Imported goods, she explains, are still in the high-price, high-prestige niche in Japan. This can work to the exporter's advantage, however, *if the company is willing to listen closely to the trends in Japan.*

"Japanese really do live in tiny houses. I have clothes hanging in the doorways of my room," says Gale, who lives in a Japanese-style apartment. The key to the Japanese mentality, she says, is learning to cope with the language or hiring local Japanese who know the market and are bilingual. "We have much to learn from the Japanese—and with British originality and ingenuity, we still can and must compete."

TECHNOLOGY

Nanny service for manufacturers

Peter Marsh reports on a novel consultancy venture which will nurture new products

AN UNUSUAL £15m venture in giving manufacturing com*panies the chance to* nuture new technologies — yet without requiring them to channel to this activity scarce management resources — is due to start later this year.

The scheme is the brainchild of Mr Gordon Edge, a well-known figure in engineering circles who for 17 years was chief executive of PA Technology, a leading UK company of technical consultants. Mr Edge left PA Technology, which he had founded and built up to annual sales of about £50m, last September to set up a new company, Cambridge-based Generics Holdings.

Generics' main role will be to offer a novel brand of consultancy to a range of companies in manufacturing, advertising and financial services. Mr Edge aims to bring together specialists in science and technology, as well as in areas such as marketing, business strategy and economics, and offer their skills as a package to a small and select group of customers.

The exercise in technology nuturing is another part of Mr Edge's plans for his company, which has a staff of 25, a number due to double by the end of the year and to reach 200 by 1989. Twenty of Generics' current staff are scientists and engineers, with the rest drawn from the other disciplines. Mr Edge has recruited six people from among his former colleagues at PA Technology, which is based in Melbourn, near *Cambridge.*

Generics, set up with an investment of £1.3m, should have sales this year of about £1m, building up to £10m by 1990. Mr Edge plans over the next few years to expand his company's operations by acquiring consultancy concerns abroad, possibly *in the US. His target is to sell* services to companies in Britain, Scandanavia, West Germany, Japan and the US.

Mr Edge, who is a member of the UK Cabinet Office's Advisory Council for Applied Research and Development and a part-time professor in manufacturing *technology* at *Brunel* University, reasons that many technology-based companies have spare cash, which they would like to invest in new commercial operations of relevance to their own activities. This activity is known broadly as corporate venturing.

A problem is that many such concerns are reluctant to release managers to run the new activities. Even more to the point, the managers may not be very good at administering new, entrepreneurial operations.

Mr Edge's solution is to build up a fund of cash from companies — he *says* he should have little trouble obtaining about £15m from five or so interested concerns — and invest this in new enterprises. Staff from his company would also be on hand to help run the fledgling businesses. The start-ups would specialise in technologies such as optics, life sciences, electronics and software, areas in which the staff of Generics Holdings have expertise.

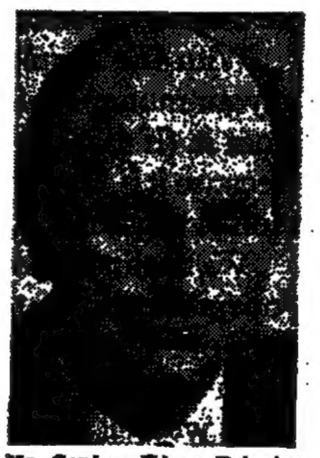
As part of the deal, the investing companies would at some point in the lives of the new concerns have the oppor*tunity to obtain details about* emerging technical developments, which the large firms could then use in their own operations.

The consultancy operations of Mr Edge's company, of which he is chief executive, will be left to a subsidiary, Scientific Generics. The technology nurturing division is to be called Venture Generics, while a third subsidiary is planned, possibly to be called Software Generics. This would concentrate on advanced computer programs such as expert systems, a means by which computers are able to make human-like judgments.

So far Mr Edge has signed up four companies which are paying for his novel brand of consultancy. Three are in the UK and the other is overseas — they have interests in instrumentation, engineering materials, cars and financial services. Each concern is obtaining advice on broad areas of marketing and development of processes and products. The plan is that Generics will strike up a long-term relationship with each business to tailor the different aspects of its consul*tancy to the customers' needs.*

Mr Edge argues that in practising this interdisciplinary approach — at the same time as directing his company's efforts at a small group of customers — he is breaking new ground in technical consultancy. "I believe we will act as a prototype for a new type of company, which is in neither manufacturing nor services, and the sole job of which will be to provide skill-based knowledge to help customers to increase their competitive advantage."

Mr Edge owns 35 per cent of *the shares in Generics Holdings,* with the rest owned mainly by other staff. LEK, a London-based business consultancy, owns 10 per cent, while a City institution is also negotiating to take a 10 per cent holdings.



Mr Gordon Edge: Bringing together specialists in technology, marketing, business strategy and economics

Bell Labs. springs a laser trap to manipulate atoms

OUT OF THE BACKROOM

by David Fishlock

NOTHING can have given the world of science greater assurance that Bell Laboratories has survived the divestiture of its parent AT & T group in 1983, and is still a fountainhead of original science, than two recent announcements about light. Light is the future of the company's business in telecommunications and perhaps also in data processing.

Bell scientists claim to have used laser beams to trap and manipulate atoms, much as one *might observe them en masse* through the transparent wall of a test tube as they are being heated, cooled or just shaken.

This may lead to a still more precise kind of atomic clock and more accurate navigation. It may be a better way of separating isotopes—atoms of identical chemistry but different weight. It may also hasten discoveries at the frontiers of biology. With the help of a microscope, Bell scientists have already been able to watch the behaviour of individual bacteria caught in the optical trap.

In the other announcement, the research body claims to have squeezed light as it travelled down a glass fibre. This technique imparts novel properties which may hasten a new generation of electro-optic devices for communications and computing.

These fundamental advances were *made in two different* Bell research centres, each having several thousand employees, in congested laboratories and competing for space and resources with development laboratories eager to open new commercial opportunities for AT & T. One of the scientists at the leading edge of basic research Dick Slusher who heads the solid state and quantum physics laboratory at Murray Hill, New Jersey, remarks laconically, "I don't want to be in a field where you ask questions and everyone tells you the answer."

Dr Slusher's pioneering experiments will be the subject of the next Out of the Backroom column. This one concerns Arthur Ashkin, a physicist who has spent nearly 17 years learning how to employ the pressure exerted by a beam of laser light. He heads the laser science research laboratory at Holmdel, New Jersey. His colleagues call him the "father" of laser radiation pressure.

In 1970 Ashkin showed he could still the incessant motion of minute particles as they were being bombarded from every angle by atoms — Brownian motion. He did this by catching them in his laser beams. He found he could levitate a tiny glass sphere a few microns across on a vertical laser beam, like a ball bobbing in a fountain jet. For the physicist this proved very exciting because he could measure properties of the particle so trapped and isolated, much more precisely than ever before. The sphere even proved to have a spectroscopy—"rainbow" of radiation—all of its own.

What Ashkin was doing was to take a laser beam of quite modest power, only 1 watt, and focus it to a very fine point, only a single wavelength across. This provided a light intensity of about 100 megawatts per square centimetre—"huge by any previous terrestrial standard," he says.

If a small glass sphere, why not a single atom?, Ashkin soon began to ask. At this point John Bjorkholm, one of his collaborators, takes up the story.

Their earliest experiments in trapping atoms took place in the late 1970s, says Bjorkholm. They chose the sodium atom as one that offered a good match with the laser system they knew and which was not easily ionised (*electrified*) when *bombarded* with photons, thus spoiling the experiment because the atoms would repel each other.

Theoretically, the maximum force which can be exerted on an atom of sodium by laser light pressure is 500 times the force of gravity

The trick was the design of an "optical trap" in which atoms of sodium could be boiled off a pellet of metal then caught and held by laser beams. It took the team several years to perfect an optical trap which had first been proposed by Ashkin in 1978.

This ingenious piece of cryogenic engineering cools the atoms of sodium vapour to less than one millionth of a degree Kelvin, 240 micro-Kelvin, very close to absolute zero when all natural motion of atoms ceases. This must be done in a very hard vacuum.

At this extremely low temperature the sodium *atom grows* very sluggish indeed, travelling at only 60 centimetres a second—slower than you walk—whereas it was being boiled off at 100,000 cm per second.

Six beams of laser light from a single source, reflected by mirrors to arrive from different *directions*, are then focused on a cloud of sluggish sodium atoms, damping all degrees of freedom. A seventh beam plays a different role, springing the trap for the atoms, which suddenly find themselves caught in what the scientists call a kind of "optical molasses."

Through a window in their bench-top apparatus the scientists can see clusters of sodium atoms, perhaps 1m of them, as an orange blob held briefly for inspection by the counter-balancing pressures of the six laser beams.

This then is a new kind of test tube in which the Bell scientists can slow down the frenetic pace of much science—chemistry and biology as well as physics—and watch it unfold like a TV action replay.

By jiggling their mirrors they can manipulate the atoms by laser *pressure*, a painstaking technique for which the term "optical tweezers" has been coined. The object under observation is never fixed, always wandering, and it took time to learn just how hard to prod. Now they can keep a target under observation *for* several seconds.

They have still more ambitious ideas for building a second optical trap, to try to observe the interaction between different atoms, much as a chemist might watch what happens—say, how the colour changes—when he pours the contents of one test tube into another. The difference is that Ashkin hopes to observe how the atoms themselves interact.

Trapping atoms in optical molasses is unlikely to translate quickly into any new AT&T *technology. It is a technique of* basic research for looking more closely at the behaviour of matter. It may prove to have fundamental importance for new products—or none at all.

Americans pedal ideas for a flight into Greek mythology

BY MICHAEL STRUTT

ADVANCED flight tests which begin this month in California are confidently expected to extend the limits of human-powered flight and add a 20th century chapter to Greek mythology.

A group of US engineers is working with the most modern materials and techniques to re-create the mythical flight of Daedalus from Crete to mainland Greece—a distance of 60 nautical miles.

The 102ft wing span aircraft, being tested at Edwards Air Force Base, will have to be flown for four to five hours and three times the distance covered when racing cyclist Bryan Allen pedalled Dr Paul MacCready's Gossamer Albatross from England to France in 1977.

A final version of the Daedalus aircraft is due to make its crossing from Crete in the autumn of this year or spring 1988.

The Daedalus project is a joint effort by teams at Nasa and Massachusetts Institute of Technology. It involves extensive use of computers and special building techniques, and has already taken 15,000 man-hours of work.

Three pilots, two men and a woman, are training for the flight and whoever lands the job will have to produce 3¼ watts of pedalling power per kilo of the all-up weight. The aircraft itself weighs 40 kilos.

About 30 test flights have already been made by the three pilots, Mr Robert Parks, a spokesman for the project, told a meeting of the Royal Aeronautical Society's Man Powered Aircraft Group in London last month. But he raised eyebrows when he said the actual flight might have to be made at night "because our monitoring equipment at the site shows that the best weather occurs in the dark."

The aircraft's structure is of graphite tubes and the wings are made of birch plywood and styrofoam. The variable-pitch propeller, made of Kevlar and fibreglass, is driven through two geared transmission boxes instead of the usual cycle chain.

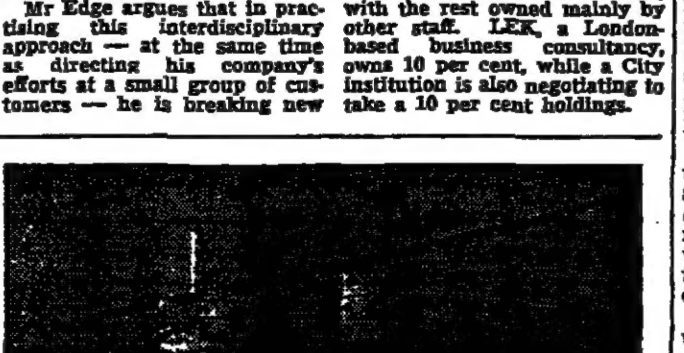
The two main problems in the next few months will be to lighten the aircraft to save the last fraction of unnecessary weight and to make sure that the pilots will have sufficient pedalling endurance. At one point during the 2 hr 49 mins Channel crossing by Gossamer Albatross, Bryan Allen was flying only inches from the sea as fatigue set in.

"Most sporting events don't need the continuous power output that pedal-powered flight requires," says Mr Parks, an aeronautical engineer at Lockheed. "We are testing three different high-lift aerofoil sections to provide a low-drag wing with a high-speed range."

The aircraft's flying qualities are already "better than predicted," and it is reckoned that every 1¼ lb saving in weight will produce a 1 per cent saving in the power needed to fly the aircraft.

The biggest aid for the pilot who is chosen, apart from the high-lift wings, will be the specially-designed autopilot now beginning its tests at the Edwards air base. While the pilot pedals away, the autopilot will make adjustments to the flying surfaces, keep the wings level, hold the aircraft on its heading, and maintain an airspeed of close to the optimum 15 knots.

The weather will be the important factor on the day but in the meantime, apart from perfecting the aircraft, two problems remain. The project, backed so far by US brewers Anheuser Busch, has still to find the funding to build the final aircraft and make the flight. In addition, Daedalus will fly 50 per cent faster than Gossamer Albatross, "which could cause a problem for the chase boats in a following wind," says Parks.



The Daedalus aircraft. Its builders are already claiming a new world distance record of 37.3 miles for a man-powered aircraft. This was achieved in a time of 2 hours 13 minutes during tests at the Edwards Air Force Base in California.

THE MERCEDES-BENZ 190 SERIES: 190, 190D, 190D 2.5, 190E, 190E 2.3/16.

The Mercedes-Benz 190. The reason you buy it may not be the reason you enjoy driving it.

The 190 series may be the most compact of the range, but it is nevertheless every inch a Mercedes-Benz. It evolved through a meticulous 10-year development process of the type required for every new Mercedes-Benz model.

It inherited the family traits of strength, safety, durability, comfort and much-envied build-quality, at the same time setting new standards in the field of aerodynamics.

It has packed into its deceptively compact profile every attribute that has made Mercedes-Benz owners the most loyal in the world. And that's why most people are buying it.

But the 190 broke new ground. It introduced a remarkable new multi-link rear suspension system. A patented system that lets a driver take the ample power generated by the 190's engine range and use it to move people and things extremely quickly and comfortably.

It was also the first recipient of an ingenious new single-blade wiper system that reaches out to clean a panoramic 86% of the windscreen.

The 190 is not a sports car, but it can be driven like one. It will satisfy even the most enthusiastic driver, being engineered to the point where it will do practically anything you ask of it.

You'll buy the 190 because of its traditional Mercedes-Benz values. You'll enjoy driving it for rather less pragmatic reasons.

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LOWER OIL PRICES HALVE RECEIPTS FROM NORTH SEA IN 1986

Current account may show £187m deficit

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

THE CURRENT account of Britain's balance of payments may have moved into deficit last year for the first time since 1979, as lower oil prices halved receipts from the North Sea and a surge in consumer spending triggered faster growth in imports.

According to figures released by the Department of Trade and Industry, there was a deficit on the current account of £187m in 1986, compared with a surplus of £3.5bn in 1985. The figures for the latest months remain provisional, however, and may be subject to sizeable revisions.

In December alone, there appears to have been some improvement in the trade position as the previously rapid growth in imports showed signs of levelling off and exports remained strong. The deficit on visible trade during the month was £763m compared to £1.03bn in November.

The surplus on invisible earnings, including insurance, tourism and returns from overseas investments, was estimated at £800m in December, leaving the current account for the month in a small surplus of £38m.

The widening gap in trade in goods since the beginning of last year is reflected in a deficit of £8.7bn for the whole of 1986 compared to a shortfall of £2.1bn the previous year.

That, in part, reflects the sharp fall in oil prices. The balance of trade in oil showed a surplus of £4.1bn over the year against the £8.2bn seen in 1985.

There was also a deterioration, however, in the country's position in non-oil trade, with importers taking a large share of the rapid increase in consumer spending. The volume of non-oil imports, excluding erratics, grew by 8 per cent last year compared to 1985 and in the latter part of the year were rising at an annual rate of nearly 10 per cent.

Exports rose by only 2 per cent over 1985 levels but the growth rate accelerated sharply in the last months of the year to much the same rate as that for imports. The upturn in exports, which was particularly marked in October and November, reflects the strong competitive gains flowing from sterling depreciation against other major currencies.

The latest survey of manufacturing industry from the Confederation of British Industry suggests that the export recovery is continuing into 1987.

Economists at Morgan Grenfell, the City of London securities house, said yesterday that the combination of an improvement in exports and a slowdown in imports growth with buoyant invisible earnings may produce a small current account surplus in 1987.

CURRENT ACCOUNT
(£m, Seasonally adjusted)

	Current Balance	Visible Trade: Balance	Visible Trade: Exports fob	Visible Trade: Imports fob	Invisible Balance
1985	+3,549	−2,111	78,051	80,162	+5,660
1986	− 187*	−8,680	72,663	81,343	+8,493*
1986 Q1	+ 549	−1,437	18,122	19,560	+1,986
Q2	+ 275	−1,579	17,789	19,368	+1,854
Q3	− 761	−3,034	17,517	20,551	+2,253
Q4	− 229*	−2,629	19,235	21,864	+2,400*
Oct	− 35*	− 835	6,206	7,041	+ 800*
Nov	− 232*	−1,032	6,515	7,547	+ 800*
Dec	+ 38*	− 763	6,513	7,276	+ 800*

*Invisibles for October to December are projections. Source: Treasury

The consensus among independent forecasters, however, is for a shortfall of £3bn this year, double the £1.5bn deficit anticipated by the Treasury.

Mr Roy Hattersley, Labour's shadow Chancellor of the Exchequer, said that yesterday's figures underlined the decline of manufacturing industry under the present Government, which meant that manufactured imports were rising six times faster than exports.

He said that the tax cuts planned by the Government for the March budget would worsen the problems as still higher consumer spending would suck in more imports.

Austrian bank admits receiving Guinness funds

BY CLIVE WOLMAN

ANOTHER European bank yesterday admitted that it had been paid an indemnity by Guinness for buying the UK brewing company's own shares during its takeover battle for Distillers last year. The transaction may be in breach of the UK Companies Act.

Austria's Zentralsparkasse and Kommerzialbank said it was paid £254,000 as compensation for losses on its shares and has carried out an internal inquiry. The bank spent about £1.9m buying the shares through the London Stock Exchange.

Earlier this month the Zurich-based Bank Leu said that it had bought 41m Guinness shares, at an estimated cost of around £130m, in return for a guarantee that Guinness would repurchase the shares at cost price and pay carrying charges. The share purchases of Bank Leu and the Vienna-based Zentralsparkasse formed part of a massive operation to boost the Guinness share price artificially and enhance the value of its offer to Distillers shareholder.

Mr Ernest Saunders, who was dismissed as Guinness' chairman and chief executive for his role in the operation earlier this month, comes from Vienna.

Zentralsparkasse said yesterday that its share purchases were legitimate under Austrian law and were well within the normal size of transactions for the bank's equity portfolio. The bank said it was not aware that the deal may have broken any British law. Mr Horst Tiefenthaler, head of the bank's London office, has been recalled to Vienna for an inquiry, the results of which will be available to the UK and Austrian authorities next week.

The bank has not yet decided whether to return the £254,000 to Guinness. Guinness' new chairman is investigating invoices for fees totalling £25m which may have involved payments by Guinness for share-buying activities. Zentralsparkasse, it emerged last week, was the recipient of one of those payments.

Telephone strikers face split in ranks

BY CHARLES LEADBEATER AND DAVID THOMAS

BRITISH TELECOM plans to encourage a split in the ranks of striking clerical staff and telephone engineers tomorrow when the three-day strike by clerical staff comes to an end, union leaders believe.

National Communications Union (NCV) leaders said BT might not require the 30,000 clerical staff to give undertakings that they will work normally when they report for work.

The executive of the clerical section of the union meets today to discuss whether to follow up the three-day stoppage with a call for an indefinite strike.

The strike by 140,000 workers follows the breakdown of talks over pay and changes to working practices.

BT has taken different approachs to the two groups during the dispute, and the union admits the clerical workers' strike is less solide than the engineers' action.

Should BT pursue such a policy it would focus the union on splits within its ranks, although it would do little to directly improve the performance of the telephone network.

While there are no plans for a formal meeting with BT, an NCU official said the two sides were working towards an informal meeting.

In a letter to Mr John Golding, the NCU's general secretary, Mr Mike Bett, BT's managing director of inland communications, reaffirmed that BT would not make a new offer while the strikes continued. Mr Bett said an agreement must "embrace" pay and productivity measures.

Engineers in the City of London plan to reinforce pickets in an attempt to prevent working engineers, managers, and contractors being used to repair equipment normally maintained by those on strike.

BT has agreed to temporarily suspend its monopoly over the approval of telecommunications equipment, such as private exchanges. The move, which will lead to calls for a permanent liberalisation, was prompted by Oftel, the industry's regulatory body which has received complaints from independent installers about business lost because BT engineers were not available to inspect installations.

Councils try to avoid London funding crisis

By Richard Evans

THE inner-London boroughs in deepest debt are to co-operate with the Audit Commission in an attempt to find a way out of a potentially disastrous financial crisis.

Mr John Banham, controller of the Audit Commission, an independent body set up to improve local government efficiency, is to meet representatives of the boroughs in the next week to prepare an emergency programme of reforms.

The move follows publication today of an extensively leaked paper by the commission which underlines the scale of the crisis and warns that parts of London could face irreversible decline unless rapid action is taken to cut debts.

"There are very disturbing parallels between the situation in parts of London and that in parts of New York and Chicago. The South Bronx and the Southside of Chicago represent a future to be avoided at almost any cost... prevention must be a national priority," the report states.

Jobs retraining gets government priority

BY DAVID BRINDLE, LABOUR CORRESPONDENT

THE GOVERNMENT yesterday announced a fresh package of employment initiatives, shifting the emphasis from simply cutting the jobless register to countering Britain's skills shortage.

The main measure in the package, presented under the campaign title Reskilling Britain, is designed to create by the autumn 110,000 places on skill-training courses under the Job Training Scheme (JTS).

Lord Young, the Employment Secretary, said he had heard from countless employers that they could not find skilled labour. In the construction industry, where the Government expected a high take-up of JTS, the problem was critical.

"Unemployment has fallen over the last five months. I believe very much that reskilling Britain's labour force has become our priority," Lord Young said.

In expanding JTS, the Government has accepted in full the recommendation of the Manpower Services Commission after a pilot scheme in 10 areas. The scheme, aimed at people under 25 who have been unemployed for six months or more, provides for training of about six months towards a recognised vocational qualification.

Full operation of JTS, which would train about 235,000 people a year, is expected to cost £206m. The Government has agreed to reallocate £102m from the Department of Health and Social Security, on the basis that trainees will be paid an allowance equivalent to their former supplementary benefit.

A second measure announced yesterday provides for six-monthly interviews of the long-term unemployed under the Restart Programme. The present system of interviewing the 1.25m jobless for more than a year is due to be completed by March.

This extension of Restart will require an extra £43m government funding, mainly for recruitment of 700 additional staff to undertake the interviewing programme.

Other measures in the package are a 10-per-cent expansion of the Enterprise Allowance Scheme, by which unemployed people can claim a £40-a-week allowance for a year to start a business.

Vauxhall plans to raise output and export cars from Britain

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

VAUXHALL, the General Motors subsidiary, plans to raise UK output of cars and car-based vans by more than a third from the current 220,000 a year to 300,000 over the next three years if all goes to plan, said Mr Eric Fountain, director of public affairs, yesterday.

The company expects to run out of production capacity mid-way through next year and will have to spend about £100m to open up bottlenecks by providing a new paint plant at the Ellesmere Port factory on Merseyside and to expand the body shop in the Luton, Bedfordshire, assembly plant.

However, there will be no big increase in jobs, Mr Fountain said. "We have to produce more vehicles with the same number of people."

He stressed that the expansion depended on Vauxhall being successful with its current programme to reduce costs by 25 per cent over the next three years and there being no significant shift in value of the pound against the West German D-Mark. GM does not believe the pound will recover much of the lost ground.

Mr Fountain told the House of Commons Trade and Industry Select Committee that British-built vehicles will account for 70 per cent of those sold by Vauxhall in the UK this year. Vauxhall will also export about 10,000 cars in 1987, the first car exports for many years although the company has been shipping out car-based vans for some time at an annual rate of about 5,000.

He revealed that, apart from the Ascona models at present being built at Luton for Opel, GM's West German subsidiary, the Ellesmere Port plant would also begin exports of Opel Kadette models this autumn.

There was little chance of the UK content level going much higher because Vauxhall imports all the engines and transmissions it needs.

Mr Fountain said neither was there was any chance of the company having a new engine facility until GM had run out of worldwide engine production capacity, which would not happen until the 1990s. At that stage, however, if Vauxhall's cost-cutting plans were effective, the UK would be well in the running to get a new engine facility.

If the D-Mark had not fallen from DM 3.8 to the pound to DM 2.8 in the past 12 months, the UK content of Vauxhall cars would have been well over 80 per cent this year. Using the new rate of exchange, the content had improved from 40 per cent at the beginning of 1986 to 50 per cent today.

He reminded the committee that Vauxhall had made a profit only once in the past 10 years.

There would be another loss for 1986 – not less than the £47.4m for 1985. The loss will be reduced significantly this year and Vauxhall expects to be profitable in 1988, said Mr Fountain.

Mr Ian Gibson, deputy managing director of Nissan Motor Manufacturing, told the committee that his company will start exporting cars to Ireland at the rate of between 100 and 150 a month from the assembly plant at Washington in February or March.

● Ford's Dagenham assembly plant produced more than 200,000 cars last year for the first time in 15 years, writes John Griffiths.

Dagenham's daily output currently is running at 1,000 cars. However, while this is a considerable advance on the 700-800 cars a day being achieved with similar equipment a few years ago, it still does not match the efficiency levels of Ford's European plants, according to Mr Derek Barron, Ford UK's chairman and chief executive.

Company Notices

BANQUE NATIONALE DE PARIS

US$12,500,000

Floating Rate Note due 1988 (Series B)

Notice is hereby given that the rate of interest for the period 28th January 1987 to 28th July 1987 has been fixed at 6.3125 per cent per annum.

On 28th July 1987 interest of US$158.69 per US$5,000 nominal amount of the Notes, and US$1,586.89 per US$50,000 nominal amount of the Notes will be due against Interest Coupon No. 11.

SWISS BANK CORPORATION INTERNATIONAL LIMITED
Reference Agent

WORLDINVEST INCOME FUND

DIVIDEND ANNOUNCEMENT
DECLARATION OF DIVIDEND No. 20

The Trustees of the Worldinvest Income Fund are pleased to announce a US$8.50 per share distribution to Shareholders in respect of the half-year period from June 26, 1986 to December 31, 1986.

Coupon Number 20 and also any previously unpresented coupons may be presented for payment on or after February 2, 1987 to any of the following Paying Agents:
Bank of America NT & SA
Hong Kong Main Office
9th Floor, Bank of America Tower
12 Harcourt Rd, P.O. Box 311,
Hong Kong
BankAmerica Trust & Banking Corporation (Bahamas) Limited
BankAmerica House
East Bay Street
Nassau, Bahamas
Bank of America International SA
35 Boulevard Royal
PO Box 435, Luxembourg H-2014
Grand Duchy of Luxembourg
BankAmerica Trust Company (Jersey) Limited
Union House, Union Street
St Helier, Jersey, Channel Islands

Payments will be made subject to any application fiscal or other regulations within fourteen days of such presentation.

BANKAMERICA TRUST COMPANY (JERSEY) LIMITED

WORLDINVEST INCOME FUND

To all holders of share certificates in Worldinvest Income Fund ("the Trust"):

BankAmerica Trust Company (Jersey) Limited, the new manager of the Trust, announces that certain changes have been made to the management structure of the Trust.

The previous manager of the Trust was a company based in Luxembourg. It was decided by the previous trustee and previous manager of the Trust that it would be in the best interest of the Trust that the management be transferred from Luxembourg to the Island of Jersey under whose laws the Trust is governed. As part of the overall decision to restructure the management, it was also decided that Bank of America NT & SA, Jersey Branch be appointed as the new trustee. Consequently, two supplemental deeds dated October 27 and 28, 1986 were entered into for the purpose of amending the Trust Instrument dated 31st December, 1976 (which constitutes the Trust) to provide for the appointment of Bank of America NT & SA, Jersey Branch as the new trustee in place of BankAmerica Trust Company (Jersey) Limited and for the appointment of BankAmerica Trust Company (Jersey) Limited as the new manager in place of Bank of America International SA. Amongst other changes, the Administration and Investment Advisory Agreement dated 1st April, 1980 between Bank of America International SA and Bank of America NT & SA was terminated and a new Investment Advisory Agreement was entered into on 28 October, 1986 between Bank America Trust Company (Jersey) Limited and BA Investment Management International Limited under which the latter was appointed as Investment Advisor.

In summary, the new management structure is as follows:

1. Trustee — Bank of America NT & SA, Jersey Branch
2. Manager — BankAmerica Trust Company (Jersey) Limited
3. Investment Advisor — BA Investment Management International Limited
4. Hong Kong Representative — BA Asia Limited
5. Principal Paying Agent — (until January 31, 1987) — Bank of America International SA, Luxembourg (from February 1, 1987) — Bank America Trust Company (Jersey) Limited
6. Paying Agents — Bank of America NT & SA, Hong Kong Branch; BankAmerica Trust & Banking Corporation (Bahamas) Limited and (with effect from February 1, 1987) Bank of America International SA, Luxembourg

Copies of the supplemental trust deeds referred to above can be inspected at the offices of the Manager, Bank America Trust Company (Jersey) Limited at Union House, Union Street, St Helier, Jersey, Channel Islands or at the offices of the Hong Kong Representative, BankAmerica Trust Company (Hong Kong) Limited at Bank of America Tower, 19th Floor, 12 Harcourt Road, Hong Kong. Copies of the new Explanatory Memorandum are also available at such offices with effect from February 1, 1987.

The restructuring costs will amount to U.S. Dlrs 10,000.00 which will be borne by the Fund.

Existing certificates will be deemed to be modified by the addition of a reference to the supplemental trust deeds referred to above.

Yours faithfully
BANKAMERICA TRUST COMPANY (JERSEY) LIMITED
January 29, 1987

Legal Notices

NOTICE
GUARDIAN TRUST COMPANY LIMITED
(IN LIQUIDATION
SUBJECT TO THE SUPREME COURT OF THE COMMONWEALTH OF THE BAHAMAS)

The creditors of the above-named company are required on or before 27th February 1987 to submit particulars of their debts or claims to the Official Liquidators of the said company, Messrs. Sydney Morris and Graham C. Garner, PO Box N-586, Nassau, Bahamas. In default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

NOTICE OF APPOINTMENT OF AN ADMINISTRATIVE RECEIVER

Christopher John Hughes of Cork Gully, Chartered Accountants, Shelley House, 3 Noble Street, London EC2 was appointed administrative receiver of TEMEC Limited.
Registered Number: 705077
by APA Venture Capital Fund Limited and APA Ventures H Limited on 7 January 1987.

Clubs

UK NEWS

City rules will allow claims on inside deals

BY CLIVE WOLMAN

THE SECURITIES and Investments Board (SIB), the new City of London regulatory body, is to issue rules which would allow market-makers and others who have suffered losses as a result of insider dealing to claim civil damages from the wrong-doer.

Sir Kenneth Berrill, the SIB chairman, told a London seminar yesterday that the SIB rules, which will be submitted to the Secretary of State for Trade and Industry for approval within the next few weeks, would cover investment dealings by authorised firms.

Any firm guilty of insider dealing on its own account or which knowingly facilitated insider dealing by other parties would be in breach of the rules, he said. This would give anyone who had suffered financial loss as a result of the breach an automatic right to claim damages.

The difficulty, however, will be to prove any such loss. Sir Martin Jacomb, SIB's deputy chairman, said in November that insider dealing was generally a victimless crime. However, in some circumstances, a market-maker might claim damages if he could show, for example, that he sold shares to the insider dealer and would not have sold them otherwise.

Sir Kenneth said that investors would find it much easier to make civil claims for damages under the new regime, due to come into force later this year, because a breach of the rules of the SIB would of itself give rise to a cause of action.

Under last year's Financial Services Act, the Secretary of State is expected to designate the SIB as the chief City regulatory overseer. The SIB can then delegate some of its authority to self-regulating organisations whose rules will have to offer an equivalent standard of protection to those of the SIB.

Sir Kenneth defended the new system against critics who have recently been calling for a system of regulation based more on statute, as in the US.

He said that even the Securities and Exchange Commission in the US, despite its direct statutory authority, had to operate through what were effectively self-regulating organisations such as the New York Stock Exchange. He said that the fact that many of the SIB's directors and full-time staff members were, or had been, investment practitioners would enhance the SIB's ability to regulate investment markets effectively.

NEC will manufacture microchips in Scotland

BY TERRY DODSWORTH, INDUSTRIAL EDITOR

NEC, the world's leading semiconductor manufacturer, is going into production at its Livingston plant in eastern Scotland with a new range of products aimed at the fast-growing European telecommunications market.

The Japanese-based electronics group is developing its role in telecommunications because it believes that this sector of the semiconductor industry will expand more rapidly than other parts of the market over the next few years.

Growth is expected to be particularly strong in the UK, mainly because of the liberalisation of the telecommunications equipment supply sector is stimulating the development of a wide range of new products.

These include sophisticated telephone sets, private branch exchanges, mobile telephones and devices for recording and storing telephone messages.

Development of NEC's business in these areas would give a boost to manufacturing at Livingston, where the group is due to start production of test semiconductor products next month.

Up to now, the three-year-old Scottish facility has been engaged in assembly work only from components brought in from overseas. The new £100m investment at the plant will turn it into a fully integrated semiconductor production unit.

British social divisions widen

Britain is becoming a more unequal society according to a survey which provides a statistical snapshot of the nation. Alan Pike reports

HIGH UNEMPLOYMENT is helping to polarise Britain into a more unequal society, Prof A. H. Halsey, *director of the Department of Social* and Administrative Studies at Oxford University, suggests in the 1987 edition of Social Trends, published today.

Although Social Trends does not present statistics on a regional basis, Prof Halsey's contribution is likely to add fuel to the current argument about the distribution and consequences of rising unemployment, which is being seen as a *North-South divide.*

Prof Halsey, in an article entitled Social Trends Since World War II, says it is now generally recognised that a 30-year-long post-war period for Britain and other industrial countries came to an end with the 1973-74 oil crisis.

A time of economic boom had since been followed by one of rising unemployment, shifting economic activity towards high technology and service industries, struggles with inflation and policies designed to move activity from the public to private sector.

Evidence suggested, that absolute rates of upward and total social mobility had continued to rise since then. In 1972, 16 per cent of men of working class origin had found their way into the middle class, and by 1983 this percentage had risen to 23.6 per cent. While in 1972, 61.2 per cent of people of working class parentage were themselves in working class jobs, this proportion had fallen by 1983 to 52.6 per cent.

"Thus there is considerable support for the optimistic liberal theory of a technologically-led expansion of middle class opportunities. But the picture has to be modified by considering unemployment," Prof Halsey said.

The unemployed could reasonably be viewed as an additional depressed class which mobility tables needed to take into account. While the expansion of the professional and technical middle class remained a feature of late 20th century Britain, unemployment had also emerged as a stucture of "negative opportunity." This tended to polarise mobility chances, especially of those who began in the working class.

Prof Halsey speaks of a "gradient of advantage" ascending from the inner city districts and the peripheral council estates to the fringe areas outside classical industrial Britain. "The process is one of deprived people being left in the urban priority areas, as the successful move out to middle Britain."

Since the oil crisis of the middle 1970s a new phase of economic and social transformation had appeared. This had taken the form of a shift away from 19th-century urban industrial manufacturing, rising unemployment and population movement from the inner cities towards suburbia, the South-East of England and new towns.

"In the process, a pattern has emerged of a more unequal society as between a majority in secure attachment to a still prosperous country and a minority in marginal economic and social conditions – the former moving into the suburban locations of the newer economy of a "green and pleasant land," the latter tending to be trapped into the old provincial industrial cities and their displaced fragments of peripheral council housing estates."

The movement from old urban areas described by Prof Halsey is demonstrated in the population section of Social Trends. Between 1971 and 1985 there was population growth in all non-metropolitan areas – a growth rate which in East Anglia exceeded 1 per cent per annum. By contrast, the populations of all metropolitan areas fell, with the greatest reductions in Central Clydeside (Scotland), Merseyside and Greater London.

Population growth of 4 per cent is projected for the UK between now and the end of the century, followed by only slow growth between 2001 and 2015. The structure of the population will change, with people aged 85 or over likely to make up 13 per cent of the elderly in 2015, compared with 8 per cent in 1985.

Social Trends also confirms the changes in the nature of employment with the expansion of middle class opportunities referred to by Prof Halsey.

Between June 1971 and June 1975, employment in manufacturing industries fell by more than 2.5m – 32 per cent – with most of the job losses occurring after 1979. Service employment increased by almost 2m between 1971 and 1979, contracted slightly between 1979 and 1983 and then began expanding again.

Employment in banking, finance, insurance, business services and leasing grew by 48 per cent between 1971 and 1985. By 1985, 778,000 people in Great Britain had a second job, compared with 700,000 in 1984 and 550,000 in 1983. Redundancy affected about one in 90 employees in 1985, compared with an annual average of one in 65 during the previous three years.

Long-term unemployed – those out of work for more than a year – accounted for 41 per cent of all benefit claimants by last July, compared with 25 per cent in 1979. People living in the North were most likely to become unemployed last year – the least likelihood of unemployment was in the South-East and East Anglia. The chances of ceasing to be unemployed were highest in south-west England and lowest in the West Midlands.

- Other points highlighted in the survey are: Road accidents cost Great Britain an estimated £2.8bn in 1985. This is based on a method of calculation which estimates the cost of a fatal road accident at £200,000;
- Smoking-related illnesses cost the National Health Service an estimated £370m in 1984;
- Total household disposable income in the UK rose from £68.5bn in 1975 to £225.1bn in 1985;
- An estimated 14 per cent of the adult population are now shareholders, a figure expanded by last year's flotation of British Telecom;
- There were 397,000 marriages in the UK in 1961 and 393,000 in 1985. But the proportion which were remarriages for one of the partners rose over this period from 14 per cent to 35 per cent;
- The proportion of households with a colour television increased from 66 per cent in 1979 to 86 per cent in 1985, and 31 per cent of households now have a video
- Population is projected to rise to 59m by 2001. There were some 2.4m people of non-white ethnic origin living in British households in 1985 – half of Indian, Pakistani or Bangladeshi origin, and a quarter of West Indian or Guyanese origin.

Social Trends 17 – Central Statistical Office, HMSO £19.95

Consortium bidding for Ulster power project faces collapse

BY MAURICE SAMUELSON

LOUGHSIDE POWER, one of two private consortia bidding to build and operate a £500m power station in Northern Ireland, is in danger of collapse only two months after presenting its final submission to the Government in Belfast.

Foster Wheeler UK, part of the US-owned engineering group, has told Costain, the lead member of the consortium, that it will not take equity in the project to generate 450 Mw of cheap electricity from Northern Ireland's large deposits of lignite, or low calorific coal.

Its decision is potentially embarrassing to the Northern Ireland Government which is currently comparing Loughside's bid with those of the publicly-owned Northern Ireland Electricity and of the second private group, Antrim Power, including GEC Turbines, the Bechtel Corporation, Lamont Holding and Hanson Trust. Unless Costain finds a new co-investor, it could be dropped from the race.

This will be good news to the electricians' unions who oppose a privately-run plant on principle and insist that the contract should be offered to Northern Ireland Electricity. However, with a second private consortium still in the race, it is too soon to write off a decision in favour of the private sector.

Mr Alan Dixon, UK director of power systems at Foster Wheeler Energy, says that his company is continuing to offer Costain its technical support. However, following a revision of the Government's terms for the project, it has decided that it "can no longer give it priority in view of our other commitments in other sectors."

Foster Wheeler's reservations are based not merely on the scope of the project but on the prolonged and uncertain period for which it would have to earmark money for it.

Following scrutiny of the three submissions by officials and the consultants Coopers and Lybrand, the Government is expected to announce the next stage of the scheme before the middle of the year. This would be followed by detailed design work and a planning inquiry. If official consent were granted by 1989, contractors might then gain access to the site in 1990 and the power station come on stream in the mid 1990s.

Mr Ron Samuel, chairman of engineering and construction at Costain, yesterday said he was disappointed at Foster Wheeler's decision but Costain remained "very enthusiastic" about the project and was hopeful of securing a new partner from the power plant industry.

The Government's main interest in awarding the contract to a private group is that it would not affect the public sector borrowing requirement.

Northern Ireland Electricity counters this by claiming it could raise the money financially and could construct and run the plant at least as efficiently as private industry.

If given the choice, however, it would probably prefer to base the next expansion of its generating capacity on coal before exploiting the lignite deposits, not all of which have been fully investigated.

Tsarist bonds can be cashed at 10% of value

By Ralph Atkins

FROM today, holders of bonds issued by Tsarist Russia will be able to cash them in – 70 years after the Russian revolution.

The Government yesterday announced how bond owners and other claimants against pre-revolution Russia can get some of their money back. Their campaign includes advertisements in daily, regional and evening papers.

It follows an agreement between *Sir Geoffrey Howe*, the Foreign Secretary, and Mr Eduard Shevardnadze, Soviet Foreign Minister, last July when £46m was set aside for compensation.

The money was previously held in an Imperial Russian Government account at Baring Brothers, the merchant bankers.

Any one who registered a financial or property loss between 1918 and 1951 – or their direct relatives – or British citizens who on July 14 1986 held bonds guaranteed by the Russian Government can make a claim.

However, the £46m is far less than the anticipated value of claims. When the Board of Trade closed its register of Russian claims in 1951 there were more than 37,000 claimants with a total of 60,000 claims.

Property losses by British citizens at 1920 prices amounted to £400m.

Claimants will receive an estimated 10 per cent of the face value of their bonds or claim according the total value of the applications.

Of the 1,000 inquiries received so far, some are sad tales of families who fled penniless to Britain, but other claims are more trivial.

One claim includes four tins of sardines (large), a bottle of Cognac, and tickets for a series of concerts. Another is for two portraits of Queen Victoria and Prince Albert and two pa's of stockings.

Scottish whisky industry hopes Guinness will lead revitalisation

BY LISA WOOD

THE Scotch whisky industry continues to hope that Guinness, the drinks and leisure group, will play a leading role in revitalising sales of Scotch whisky, according to a report on the industry by Campbell Neill, the Scottish arm of Hoare Govett, the London-based stockbrokers.

According to the review, the industry looked to Guinness to take the initiative in many areas of the industry where the Distillers Company had failed to do so. Problems facing the industry include the need for more effective marketing, alleged discrimination against the drink in some markets, parallel imports and a growing anti-drink lobby.

Campbell Neill said it was also hoped by the industry that the troubled brewer, which took over Distillers, the major Scotch whisky company last year, would make Scotland the headquarters and decision-making centre for the whole group.

Guinness, the object of a British Government investigation into its activities during the takeover, controls some 35 per cent of the industry's malt distilling capacity, 43 per cent of grain distilling capacity, around 25 per cent of Scotch sales in the UK and 42 per cent of the export marked for blended whiskies.

Optimism was expressed by the annual review of an upturn in Scotch sales. Exports, said Campbell Neill, would show modest growth in 1986

Despite figures for the nine months to September showing a decline in UK sales, the results for the full year should be in line with 1985's slightly improved total. The drink had a market share of around 47.4 per cent of the UK spirits market in 1985, a proportion that is expected to fall only slightly in 1986. Competitors to Scotch include white spirits such as vodka.

Scotch Whisky Industry Review, £150 from Campbell Neill & Co, Stock Exchange House, 69 West George Street, Glasgow 62 IJN.

GUN CONTRACT 'VITAL FOR ENFIELD FACTORY'

Future of arms supplier in doubt

BY LYNTON McLAIN AND DAVID BUCHAN

THE FUTURE of the Royal Small Arms Factory at Enfield, near London, and the jobs of more than 1,000 employees are under threat because of the possible loss of a second contract for the British army's new short rifle/machine gun, the Enfield Weapon System. The total value of the first and second contracts, with ammunition, is in excess of £500m.

The Ministry of Defence (MoD) has made clear that Royal Ordnance (RO) stands little chance of winning a second contract for the Enfield Weapon System, worth more than £100m, without improvements by Enfield in the production rate of guns under the first contract.

Mr Roger Pinnington, chief executive of RO, the state-owned arms and munitions company that owns Enfield, said: "I can see no alternative to the closure of the Enfield factory if we do not get the second contract for the Enfield Weapon System."

The second order for the Enfield Weapon System is so crucial to the financial performance of Enfield and of RO that the MoD has decided to make its choice of contractor for the rifle order before it decides which company is to buy the entire RO business. The costs of closing Enfield would amount to at least £30m, Mr Pinnington said.

The four companies on the short-list of bidders to buy the whole of RO, have been given confidential information on the financial performance of the 15 factories, including Enfield. The companies are Ferranti, British Aerospace, GKN and Trafalgar House.

Before committing themselves to a purchase, the bidders will want to know if RO has been successful in winning the rifle contract. If RO loses the contract and closes Enfield, they will want to know how this affects their bids for the company as a whole.

Mr Pinnington has repeatedly told the local management at Enfield that "very manager and employee has future of the factory in their own hands." He told senior managers last week that "if we do not perform and successfully supply rifles to meet our contract, we will close our own factory."

This contract, awarded to RO without competitive tenders, called for the company to supply 175,000 Enfield Weapon Systems over a period of years from July 1985. The production rate was to have been built up to 1,000 weapons a week, but so far Enfield has produced only about 10,000 weapons out of the 80,000 weapons they should have supplied to the army.

Mr Pinnington was confident that the serious production problems had been resolved. "This year, we will produce the weapons in the sort of volume we were expected to produce, but we cannot catch up our lost production," Mr Pinnington said.

Three companies, Hunting Engineering, BTR and Pylon Industries, a small Kent-based defence contractor, are bidding against RO for the second rifle contract. A government decision is due in March.

Mr Colin Springate, managing director of Pylon Industries, said his bid included plans for a new factory to be built in Kent, on land already purchased. The factory would cost less than £10m, would have the latest computer technology, it would employ only 285 people to produce 225,000 guns, he claimed.

Russian Compensation

The Foreign Compensation
(Union of Soviet Socialist Republics)
(Registration and Determination of Claims)
Order 1986

Her Majesty's Government announces that this Order is due to come into effect on 1 February 1987. *Copies are available from HMSO.*

A fund of about £46 million will become available for distribution to those who can satisfy the terms of the Order. Claims may be made by:

- Original British or Commonwealth claimants or their successors in respect of financial and property claims arising before 1939 which were registered with the Foreign Office Claims Department or the Russian Claims Department of the Board of Trade between 1918 and 1951.
- British holders on 14 July 1986 of bonds issued or guaranteed by Russian authorities prior to 7 November 1917.

It is not possible to forecast what percentage of the assessed value of successful claims will be paid. Claims registered between 1918 and 1951 were valued by the claimants at approximately £400 million. This did not include all the bonds for which claims can legitimately be made. It follows that the payout as a percentage of the amount claimed is likely to be small.

Application forms and explanatory leaflets may be obtained by sending the coupon below to the Foreign Compensation Commission, c/o Price Waterhouse, 134 Buckingham Palace Road, London SW1W 9SA (telephone 01-823 4181).

Please note that completed application forms in respect of bonds *must* be received by 31 March 1987. Those in respect of property, debts and other claims *must* be received by 30 June 1987.

To: Foreign Compensation Commission, c/o Price Waterhouse, 134 Buckingham Palace Road, London SW1W 9SA

Please send me an explanatory leaflet and application form for:

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Please complete in BLOCK CAPITALS

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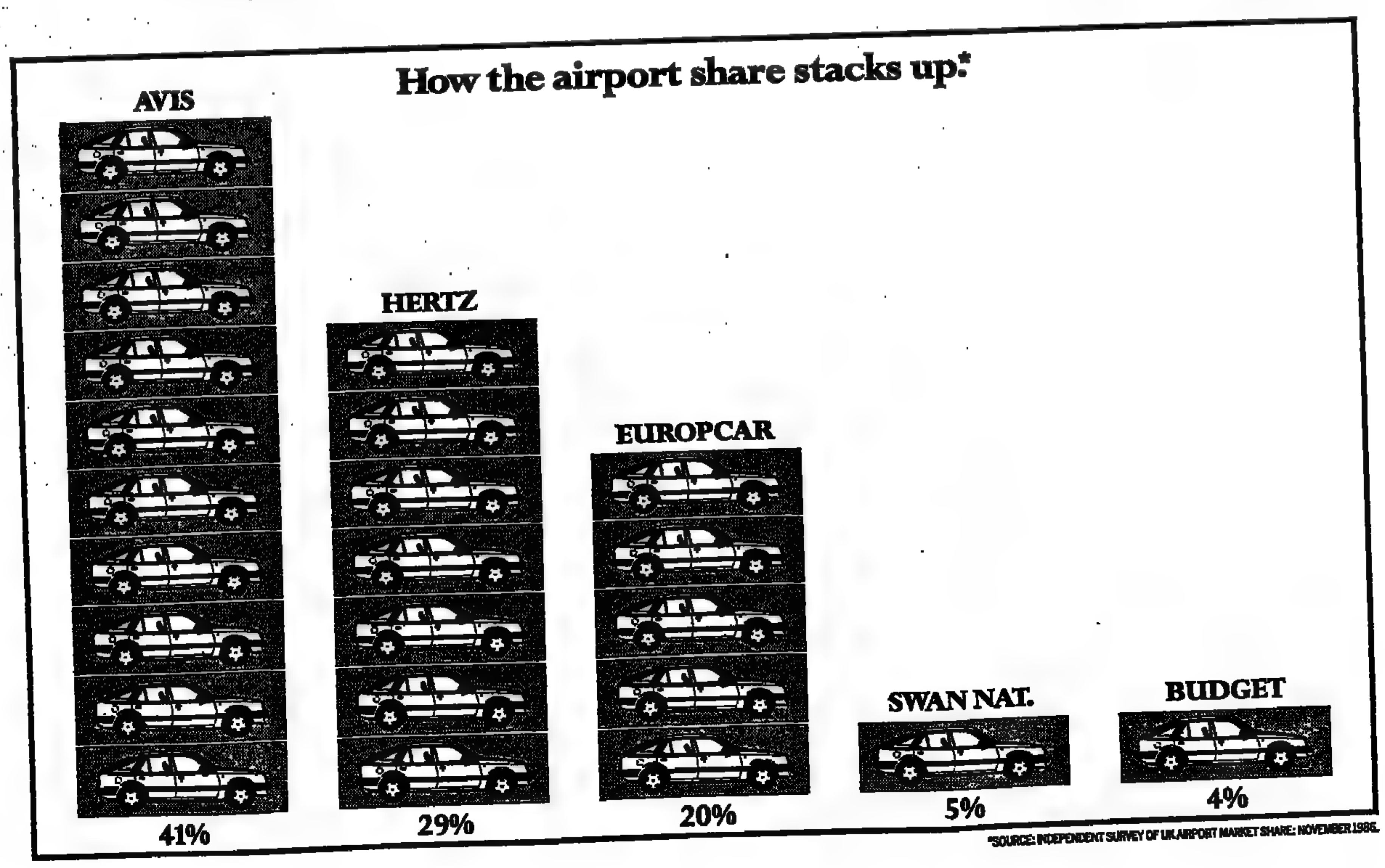

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THE ARTS

Der fliegende Hollander/Theatre Royal, Glasgow

Rodney Milnes

If less than superbly performed, *The Flying Dutchman* can be a thundering bore. And more than just that some might find Wagner's insistence that woman's role is to Sacrifice All to a man who randomly selects her almost as offensive as his anti-Semitism; then there are those acres of third-rate music that you have to sit through patiently (in my case *fairly* patiently) waiting for the good bits, which though few and far between are admittedly very good indeed. Scottish Opera's new staging, unveiled on Tuesday, is only fairly successful, and thus fairly boring.

It is difficult to discern a clear line of thought running through John Cox's production, in decor by Eugene Lee. Daland's paddle-steamer rears up and down hydraulically in the opening scene (to the accompaniment of an alarming series of wheezes and squeaks) reminding one of Mike Ashman's "controversial" staging at Covent Garden last season; we are also in a light industry situation in the second act—though it is at least a 19th-century cotton mill—with the paddle doing service once more (the piece is performed without interval). The first act seems to be barely directed at all, with principals and chorus for the most part just standing and singing, and the arrival of the Dutchman's ship, one of the great moments of 19th-century theatre, is simply funked (it is supposed to be in the auditorium—thanks a lot). The lighting is flat and uninteresting.

But the stage pictures have a certain pastel beauty in the second act, and there is a really good sailors' dance in the third to wake us all up. What is missing is any sense of the demonic, of Gothic Fantasy; the piece is too melodramatically written to work as a bourgeois drama which, with neat middle-class frocks and the Dutchman's treasure merely a wallet full of costume jewellery, seems to be the general aim. In this context occasional epic effects, such as Daland's back wall flying open *Walküre*-style in the love duet, seem flashy and awkward. The ending, with Senta flopping down "dead" and the chorus filing smartly past her to get to their new positions up-stage in time for her resurrection, borders upon the farcical.

It may sound ungrateful to note a similar lack of dramatic focus in Norman Bailey's seasonal account of the title role, one he has performed the world over with great success. He sings the notes smoothly and easily (double dots could be used more forcefully in the monologue) and his grained-mahogany voice sounds as rich as ever. But there is no terror in this Dutchman, no driving Daemon: he is only Hans Sachs at a Hallowe'en party. Oddbjørn Tennfjord is an amiable Daland (should he be more?), Patrick Power's pipe-smoking Steersman is quite beautifully sung, and John Treleaven does as well by the wretched Erik as any tenor can be expected to—though his being made up as the Prince Consort was a further mystifying element in the production.

Vocally the evening belongs to Kathryn Harries as Senta. To hear an account of this impossibly written role without a single ungainly shriek is bonus enough; to hear so much carefully shaded variety of dynamic and such pliant phrasing is riches indeed. If there are one or two phrases that should ideally be hit a little harder, so be it—musicianship and Miss Harries's steady, slightly husky but attractively warm tone more than make up for that. To add confusion, she seemed to be in calm control of the dramatic situation.

After a brash and brassy overture, the orchestra settled down to some pleasing playing, especially in the neo-Lortzing passages that also seemed closest to Sir Alexander Gibson's heart on this occasion. At first his approach to pulse seemed too impressionistic, almost Debussy-esque in its imprecision, but the rhythmic backbone soon came. The double chorus went well, despite distant amplification of the ghosts; those on stage sang lustily. How odd, though, that it does not actually lead anywhere. The audience plainly did not share my impatience with the piece and the production, and received the performance with rapture.

Kathryn Harries and Norman Bailey

Bruson/Wigmore Hall

Max Loppert

Renato Bruson, the leading Italian operatic baritone of the day, is also an impressive, commanding figure on the recital platform. In certain respects, indeed, the Wigmore Hall might be said to provide an ideal forum for his distinctively sober vocal refinements. The voice is not especially large, and its peculiar eloquence is contained within a comparatively short compass (in Tuesday's programme there was no call for him to go above F sharp or below B flat). In a hall of intimate character and size, the voice can be used with easy, unforced mastery. For that mastery, above all, it was a notable and enthralling concert.

Mr Bruson is a singularly undemonstrative recitalist: with his steel-rimmed glasses, grey beard, erect posture, and reliance on a music-stand, he might almost be a lecturer launching an investigation into the more obscure areas of Italian economic history. Normally, reserve of this kind is enough to kill a recital stone dead. In this case, because the ear was trained without distraction on the singing, and because it is above all in the use of his voice that Mr Bruson's marvellously subtle musicianship is revealed, the listener's attention was consistently held.

For his opening group he had chosen three Beethoven Italian songs; in the third of them, "In questa tomba oscura," the prime requisite is a grave, steady sustainment of legato at a slow pace and across small vocal intervals. The grave, steady beauty of the performance — shaded from medium to low dynamics with absolute security, drawing an unbroken line with the baritone equivalent of a great cellist's bow arm — could stand as hallmark for the concert as a whole. In the three Liszt Petrarch Sonnets that followed, Mr Bruson expanded further his range of quiet colours and tenderly restrained half-voices; in the way of all the finest singers, the words were bound into the line without fuss, yet one could easily have taken them down in dictation.

What kept this from a Liszt performance of the first rank were the deficiencies of tone, rhythm, and articulation on the part of the pianist, Paul Wynne Griffiths — a journeyman player, solid enough in support, but fatally lacking in higher sensitivities of touch and texture that were required to match the voice. Ideally, Mr Bruson merits a *Michaelangeli* or a Richter as his Liszt partner.

The second half had been given over to *mélodies*. Mr Bruson's French enunciation caused no sacrifice of vocal fine-pointing (though not all his nasal u-sounds are idiomatic), and his uninflated approach promised particular rewards in Fauré (but "Ici-bas," "En prière," and "Fleur jetée" made up a dull choice). In the Don Quixote songs of both Ibert (elegantly wrought) and Ravel there were moments when a smile in the tone might not have come amisss — but for the pleasure of quietly sinuous turns and melismas one was prepared to forgo glancing verbal ironies. In any case, four encores — Massenet's "Elégie," two Tosti songs, and a gloriously noble "Musica proibita"—Mr Bruson achieved *his equivalent of artistic unbuttoning at last.*

Two/Offstage Downstairs

Martin Hoyle

On the evening that the national press was to have attended *Perdition*, cancelled by the Royal Court on the day before the first preview lest it give offence to certain sections of the public, I went instead to another piece of post-Holocaust confrontation at the little theatre under the Offstage bookshop in Chalk Farm. *Two* won for the author Ron Elisha, Jerusalem-born and Melbourne-domiciled, the Australian Writers Guild award for best stage play of 1984. I very much doubt whether it would offend anyone; though by the same token it may not illuminate very much either.

I left Mr Elisha's worthy, wordy play before the end, but not before the future course of this duet for two broken creatures groping towards a glimmer of hope had become plain. The scene is post-war Germany. In a grimy attic, shaken by passing trains, *plunged sporadically into darkness by faulty lighting*, Rabbi Chaim Levi lives by teaching music. He has lost his faith after surviving the death camps. The mysterious Anna asks him for Hebrew lessons, anxious to get to Palestine where the new Jewish state will be born. It transpires that she is not even Jewish, but a gentile well-wisher; and then an appalling secret emerges. What had seemed a glib series of antitheses in the writer's programme notes—good and evil, hot and cold, Jew and Gentile, as if the latter pair were somehow irreconcilable and inimical opposites—makes a little more sense.

Beneath this clash of spiritual needs — for faith on the one hand, forgiveness on the other —is a soft-centred play with a fair amount of symbolism: Levi plays chess without the kings on the board, and points out that Hebrew has no present tense for the verb to be, *prompting the reflection that a* Jew "lives in the past and dreams of the future" while not existing in the present. The arguments are perhaps more convincing on paper than embodied by characters whose pasts are only hazily sketched in, never mind their present.

The actors are Nicholas Amer who seemed not too certain about the order of some of his multitudinous lines, and Amanda Boxer, an intelligent and too rarely seen player who can command both pathos and an almost aggressive intensity. Debbie Wolfe directs, and adds to the unreality of the whole thing by presenting Miss Boxer as an eager student of Hebrew (made to sound fascinating, incidentally, by Mr Amer at the blackboard) who embarks on a crash course with a look of rapt absorption and apparently not a pencil or piece of paper in sight. Stationers and chess-piece manufacturers may be offended. Still, this is not the Royal Court.

Letter from Munich/Gunter Kowa

City with a sense of time and space

Winter in Munich tends to be on the long, grim side, with little surviving of the Italianate atmosphere of its promenade cafes. But set against bleak trees and blankets of snow, the city's streets and squares reassume their full architectural cohesion, a sense of place, time and epoch. Perhaps this is the key to the secret of Munich's widespread popularity, shared by Germans and foreigners alike. The charm of the city goes beyond its unrivalled cultural life, which is reason enough to like it. In the concert season this winter you could divide your evenings between the Herkulessaal of the Residence or the *new but less romantic* Gasteig music centre and take in Pollini, Zukerman, Giulini, Abbado with the LSO, *Fischer-Dieskau*, the *Amadeus* Quartet (doing "all" of Beethoven), the Paratore *brothers* and so on . . .

But Munich's urbanity is *more than the sum of its cultural* attractions. Somebody *ought to write a book about the* "Stones of Munich," even though *they're rebuilt. There is a fantastic* element about the spaces *and buildings*, their borrowed grandeur from Rome, Athens, *Florence*, Vienna, *even London*.

Epochs of the past touch our present pace of life, rendering it a trifle more mellow, more bearable.

We might put it to the test by walking through Munich, sampling some of the current exhibitions. As it happens, the "sense of epoch" could almost be their common theme.

The fashionable Maximilianstrasse clings with Bavarian stubborness to its late 19th century ethos of bourgeois regality, *trams rumbling past laden* facades to the colossal "*Maximilianeum*," *closing off* the vista in the distance. The street exemplifies all that is *best and worse about Munich*—it's where *slick* boutiques and *picture galleries find their* clientele, side by side with the serious galleries, counted among the most renowned in Germany. Bernd Dürr at No 22 even does us the favour of exhibiting watercolours by Bernd Nagel, who recorded Munich street scenes in the 1920s. Next door is Gallery Klewan, which has rediscovered an important forerunner of graffi art, Hans Staudacher, who worked in the '50s and '60s, and called one of his impulsive studies "Traces in the city." Ian McKeever's powerful abstractions from nature are on show in Gallery Tanit at No 36.

Not far from the opera house and the Royal Residence the Bayerische Hypothekenbank has opened a new exhibition hall, administered as a foundation by *an independent governing body*. The exhibitions there have *always received great acclaim*, but none so much as the current exhibition of jewellery and artefacts by Carl Fabergé (1846-1920), the favourite goldsmith of the last Tsar of Russia and all the intermarried royalty from Denmark, England, Hesse and Russia at the turn of the century.

If you manage to glimpse the glass cases beleagured by clusters of mink-clad ladies and gold-toothed Bavarian burghers in plumed hats, you can get some idea to what depths taste descended then as now. Craftsmanship of the highest order, brilliance of design and perfection of finish, in the service of an unrestrained money elite which poured their wealth into heaps of costly plunder to clutter up their drawing rooms. Thank goodness there are some period photographs of the gathering of the dynasties at St Petersburg, Sandringham or Coburg, which contribute a sense of epoch into this exhibition. Otherwise, it is hardly more than the showroom of Messrs Fabergé, account books and all: "James de Rothschild, Esq, umbrella top, blue and yellow enamel, roses; Baron Schubert, cigarette case, oval, mauve enamel on silver; Countess Torby, menthol holder, green enamel. . . ."

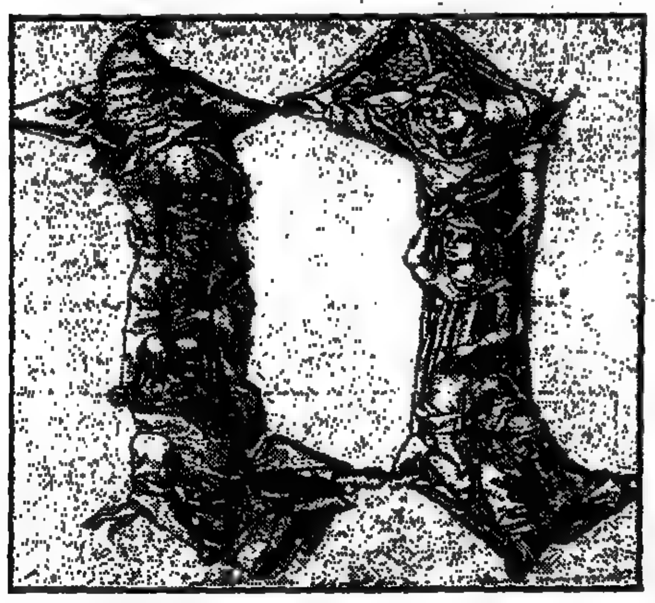
Nothing is more spectacular, of course, than the Tsar's annual Easter eggs, plated with enamel and gold, inlaid with rubies and diamonds. They open up to release some toy palace, battle ships and the Trans-Siberian railway! It's enough to prompt the question, why they didn't decorate this particular exhibition with photographs of the October Revolution.

So off in a hurry to more distant times, which the Neue Pinakothek evokes with a late medieval engraver, perhaps from Strasbourg, of whom only the initials are known: Master E. S.

He hides his personal life almost completely behind that of his period, the late 15th century, when the *art of printing* had created a new demand for more widely available forms of art. He seems to have been a kind of "publisher," working exclusively with reproducible copper engravings, designing anything from religious leaflets to playing cards. But nothing is more delightful than his "alphabet of figures," incorporating contorted monks and peasants, animals and fantastic creatures. E.S., who worked from Flemish sources and did much to disseminate the Flemish Renaissance style, is rarely represented in the world's collections but the Munich exhibition manages to rely on its own graphic collection and that of Berlin. To hang those exquisitely elaborated sheets into the marble crypt of the Neue Pinakothek, one of Germany's new post-modern museum buildings, is one of those occasions of co-existence of epochs of which Munich abounds.

Artists, more than anyone else, have shaped Munich, as you learn in the nearby house (or rather small palace), which the most successful society painter of the 19th century, *Franz von Lenbach*, built for himself. Franz would have celebrated his 150th birthday in 1986 and an extensive retrospective exhibition is dedicated to him in his house-museum, which is also well known for its excellent permanent collections of early modern art, such as "Blauer Reiter" or Kandinsky. Anything for the love of contrasting epochs!

The exhibition is a must for those in search of a "sense of period." Lenbach reflected his age; indeed, he almost made it. From his humble beginnings as the gifted son of a provincial architect, he was fascinated by the phenomenon of light and the facial features of people. More than anything, he studied their eyes. His later portraiture lives wholly by a sense of life caught in its midst: seemingly informal postures, very rich texture (studied from old masters, whom he copied by the dozen) and glowing eyes, almost fearfully alive. Lenbach became the archetypal portraitist, almost a factory, turning out hundreds of studies of Bismarck and everyone down the hierarchy. There is something Balzacian about the daemonic drive of that artist, and it captures you as you walk through his ingeneously reconstructed studios. Lenbach organised huge feasts in the woods around Munich, in "old German costume," and he built a house for the artistic community of the city. Some, however, preferred a world of their own, and even today, taking the tram to the other end, you can relive it by visiting Villa Stuck, the Pompeian cavern of a Symbolist on the mystic side. All of this coexisted at Munich, where else?



"Alphabet of figures" by Master E.S.

Stepping Out/John Golden, Broadway

Frank Lipsius

A bit of Muswell Hill tapped onto Broadway with the opening of *Stepping Out* at the John Golden. A West End hit for more than two years, Richard Harris' play has taken so long to cross the Atlantic because the producers thought it needed *re-positioning for American* audiences. At first, they wanted to transfer the *locale* to Brooklyn. When that failed to bring the show to life, Tommy Tune, director of *Best Little Whorehouse in Texas* and *Nine*, who loved the show in London, took over and changed almost everything but its north London setting.

The cast is new, the choreography is new, the set is new as are the costumes. There is something of a Broadway sheen *to set designer David Jenkins'* church cellar, which is an age*ing non-descript cream colour* without being dingy. Carole *Shelley* as *Maxine* has a new outfit for each scene, one *gaudier that the last*, while Meagen Fay as Vera shows off her *nouveau riche* hauteur with an array of the latest exercise outfits.

The intention was obviously to spruce up the window dressing while keeping intact the feeling of a warm London community. Dorothy (Marcell Rosenblatt) still works for the unemployment office and shrinks from boisterous Sylvia (Sheryl Sciro) who accuses her of turning her husband in for working while on the dole. Lynne (Cherry Jones) is still a sentimental nurse who finds out that Andy (Janet Eilber) is beaten by her husband when she has to be treated in hospital.

Rose (Carol Woods) has a lilting Jamaican accent and Mavis (Pamela Sousa) runs her tap class as a labour of love rather than a business. The characters have recreated the accents and sense of modest lives that capture the original, thus showing the appropriateness of retaining the London setting. After all, learning to tap dance lacks the ambitious thrust of most American evening courses.

But it is all so wholesome that it loses the dramatic edge to transcend its modesty. It is also disjointed and messy. Carole Shelly, as the loud-mouthed saleslady who cannot *stop selling even in class steps* out of character completely to *admit to lacking self-confidence*. Mavis' pregnancy comes up in *one scene to explain* her uncharacteristic impatience and is dismissed in an aside in the next.

Mr Tune knows how to build his material to its rousing tap-dance climax, but the lead up purposely lacks any stirring excitement to contrast with the final dance number. The one male member of the group, Don Amendolia as Geoffrey, is fat, short, and bald with a stutter and two left feet. That he is transformed into a self-confident leader of the troupe is a marvel; it is just too bad that he had to spend so long in his first incarnation and so little in his second.

Premieres at opera festival

Hillsdown Holdings, one of last year's award winners for business sponsorship of the arts, have increased their contribution to this year's London International Festival. Complemented by grants from Westminster City Council and the Greater London Arts Association, and further aided by commercial sponsors including Tootal, IBM and Barclays Bank, the festival will present more than 50 events between May 7 and June 6.

Events will range from free performances in the Covent Garden Piazza to a special "Under-30s" subscription scheme entitling holders to seats at the Royal Opera House, the Coliseum, the National Film Theatre, the Wigmore Hall and the Donmar Warehouse at a bargain price.

Following the success of last year's Young People's Days, the ROH *are repeating their work*shops, this year based on *Turandot. Mounting its first opera* productions, the Donmar Warehouse *will present a season of* 20th century opera to include the Opera Factory Sinfonietta in Maxwell Davies's *Martyrdom of St Magnus*, Ian McQueen's *Acts of Faith* (Cockpit Opera) and a triple bill from Endymion Opera comprising Birtwistle, the Berio version of Monteverdi's *Tancredi e Clorinda* and the world premiere of a work by Michael Nyman.

A British premiere is scheduled at the Britten Opera Theatre when students from the Royal College of Music will perform *SisterAimée*, the opera inspired by the controversial religious revivalist Aimée Semple Macpherson, composed in 1983 by Odaline de la Martinez. Other venues *include* St-Martin-in-the Fields where Morley Opera will *present Cavalieri's Rappresentazione di anima e di corpo*, rarely staged in this country and one of the earliest extant operas. The NFT will show a number of opera films including a newly restored copy of Abel Gance's *Louise* made in 1939 with Georges Thill and the American soprano Grace Mooore in one of her most famous roles; plus the British permiere of a new opera film on May 23, yet to be confirmed.

Martin Hoyle

New national playwriting award

The Bristol Old Vic and HTV West have announced a new national playwriting award with a prize of £2,000, a trophy and the possibility of production on stage or television to one winning entry.

The selection panel will be Patrick Dromgoole of HTV — the sponsors, Leon Rubin and actor Roger Rees, of the Bristol Old Vic, playwright Julian Mitchell and an actress to be announced.

Norwegian saxist to tour Britain

The Norwegian jazz saxophonist Jan Garbarek will tour Britain for the first time next month when he appears for the Arts Council's Contemporary Music Network. He performs at the Logan Hall, Bedford Way, London, at the start of his tour from February 4-18. The three other members of his group are Eberhard Weber (bass) Lars Jansson (keyboards) and Nana Vasconcelos (percussion).

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

January 23–29

Exhibitions

PARIS

Musée d'Orsay. The spectacular museum of the 19th century is situated opposite the Tuileries Gardens within the metallic structure and the glass-roofed vault of the vast Belle Epoque railway station. It houses paintings, sculptures, *objets d'art* and photographs from the end of the romantic period to the beginnings of modern art and the impressionist and Post-Impressionist collections formerly in the Jeu de Paume. Here they are counterbalanced by academic painters, their contemporaries, long derided for their pomposity.

The sculptures come into their own in the immensity of the nave, at the end of which is a large-scale model of the opera and its district below glass tiles. The view of Paris from the terraces is an additional delight. Musée d'Orsay, Entrance 1, rue de Bellechasse (4549 4814). Closed Mon.

Japon des Avant-Gardes: A multi-disciplinary exhibition of some 500 objects retraces the 1910-70 period in painting, architecture and technology and is completed by a musical, theatrical and cinematographical programme. The influence of Japanese art on Western culture is well-known, the European inspiration of modern creativity in the Land of the Rising Sun much less so. The exhibition shows the tensions and contradictions of artists trying to absorb futurism, Dadaism and surrealism, movements so alien to their own ancestral traditions. Centre Georges Pompidou. Closed Tue, Ends March 2 (4277 1233).

Tarento's Gold: Some 1000 exhibits, of which 250 are of gold or other precious materials, bear witness to the sumptuous way of life in ancient Tarento. Found in tombs, the treasure consists of earrings, bracelets and necklaces, all exquisitely worked by goldsmiths during the Hellenistic period. Even everyday objects are stamped with the same high artistic quality, as are delightful clay statuettes. Musée Jacquemart-Andre (4289 0491), closed Mon. Ends Feb 13.

France and Russia in the Century of Enlightenment: A didactic exhibition of 600 paintings, sculptures, objets d'art and rare manuscripts shows how cultural contacts between the two countries, practically unaware of each other at the beginning of the 18th century, grew to a constant flow of ideas and works of art by the end of it. The exchanges, begun by Peter the Great, became ever more intense under Catherine II who was fascinated by French philosophers and French aristocracy's art de vivre. Grand Palais (4289 5410), closed Tue. Ends Feb 8.

WEST GERMANY

Tübingen, Kunsthalle Philosophenweg 76: Toulouse-Lautrec. A retrospective of 130 paintings and picture studies by Henri de Toulouse-Lautrec (1864-1901). Ends March 15.;

Münster, Westfälisches Landesmuseum, Domplatz 10: August Macke: To mark the 100th anniversary of his birthday, the museum, helped by the Macke archive and sponsored by the estate of Northrhein Westphalia, is displaying 180 paintings, 130 pictures, 70 watercolours and documents. Macke, born in Meschede (Westphalia), studied in Düsseldorf and Berlin under Lovis Corinth. He was responsible for a [illegible] the First World War. In the spring of 1914, he went with Paul Klee and Louis Moilliet to Tunis. In the same year, he was sent to the front in France, and died in action in Champagne. Ends Feb 2.

Hannover, Sprengel Museum Kurt-Schwitters-Platz: Pablo Picasso, the exhibition is the most complete display of Picasso's works seen in Germany, showing the 417 pieces donated in 1969 by the industrialist Bernhard Sprengel. Sprengel, who died last year, was Germany's leading collector of Picasso's works. The exhibition, with 400 graphic art prints and 17 oil paintings covers the artist's complete artistic range from 1904 to 1968, spanning cubism, classicism and surrealism, as well as Picasso's most recent works. Ends Mar 15.

Munich, Lenbachhaus, Luisenstrasse 33: Franz von Lenbach (1836-1904). The painter had himself built a Palast in the Italian renaissance style, finished in 1891. His widow then sold it to Munich in 1925. To mark the 150 anniversary of his birth, the Lenbach Villa will be redecorated with the original furniture and paintings of the artist. The exhibition displays 180 pictures and paintings in several rooms. Lenbach, celebrated above all for his portraits, studied at the academy for arts in Munich under Karl von Piloty. Ends March 29.

ITALY

Florence: Palazzo Pitti: The theatrical costumier Umberto Tirelli's fine collection of costumes dating from the eighteenth century to the present recently donated to the Pitti's Museum of Costume, particularly striking are the gorgeously embroidered men's jackets from the 1700s. Also includes a section of the costumes made in the Tirelli workshops for productions by Luchino Visconti, Luca Ronconi, Franco Zeffirelli and Pier Paolo Pasolini with photographs taken on stage. Ends March 8.

Rome: Galleria Nazionale di Arte Antica: (Palazzo Barberini, via delle Quattro Fontane): Works by Caravaggio, normally spread throughout various museums and churches in Rome (mainly from the Villa Borghese, which houses the largest number) with a handful of paintings of doubtful attribution. Ends Feb 28.

Rome: Museo Napoleonico: (Piazza di Ponte Umberto 1): The Guillotine, fascinating, but gruesome exhibition, illustrating the history and use of the guillotine via a series of engravings and watercolours from the Museo Carnavalet and the Biblioteca Nazionale in Paris. Dr Luigi Guillotin is exonerated for its invention, (being merely the promoter of a law which extended its use – as being more humane – to all, not merely noble, prisoners). Numerous engravings show the beheading of Louis the Sixteenth. Also included is the drawing by David of the cropped-headed Marie-Antoinette on her way to the scaffold. Ends Feb 8.

Venice: Palazzo Ducale: China In Venice: Chinese Civilisation from the Han Dynasty to Marco Polo (25-1270 AD): 150 objects, including silks, brocades, jewellery, terracotta figures, glass and porcelain lent by the Peking Museum. Many result from [illegible] excavation, and most have never been out of China. The exhibition covers the main period of Chinese art, and the objects found in tombs, buried with the owner for his use in the hereafter, shed a fascinating light on life in the period. Ends March 1987.

NETHERLANDS

Amsterdam, Van Gogh Museum. The seven Van Gogh sketchbooks have now been reconstructed and are on display for the first time, with the associated drawings and paintings. Ends Feb 8.

SPAIN

Madrid, Modern American printmaking, original engravings by 18 US painters showing the resurgence and impact of printmaking in the States. Since the 60s many workshops have contributed to the proliferation of quality works on paper, this show represents the different aspects. Audrey Flack's Fotorealism, Steven Sorman's abstract non-figurism or Kenneth Hale's Post-Modernism are shown. Achna. San Bernardo 107. Ends Feb 5.

NEW YORK

Metropolitan Museum: 90 paintings from the end of Van Gogh's life are the focus of this second of a two-part show of the prolific artist at Saint-Remy and Auvers. The Starry Night and Cypresses come from this period working first in an asylum in Saint-Remy and then in Auvers, where he committed suicide in July 1890. Ends March 22.

Museum of Modern Art: The 1985 Grand Palais exhibit of Lartigue's 1920s photographs starts its American tour showing the evocative panoramas and fleeting moments on the streets of Paris between the wars. Ends March 24.

Metropolitan Museum of Art: The Prints of Pieter Bruegel with over 85 works consists primarily of engravings made in Antwerp in the 1580s after Bruegel paintings, but also includes the only woodblock with a Bruegel drawing on it. Ends March 15.

CHICAGO

Art Institute: The art of Italian Renaissance armourers, with suits embossed with Greek and Roman deities and fantastic creatures of the artists' imagination, is on display in a special exhibit of French king Henry II's armour borrowed from Hever Castle. Ends Mar 1.

TOKYO

Scenes of Old Tokyo: 48 prints depicting celebrated areas of 19th century Tokyo by renowned artist Kiyochika Kobayashi, Sanju Shinizu and others. Yushukan Treasury in Yasukuni Shrine. A museum of war memorabilia is also sited in the precincts. Near Kudanshita. Ends Jan 31.

Edo Paintings and Noh Costumes: 22 exquisite works in delightful small museum, part of Okura Hotel. Okura Shukokan Museum. Ends Feb 22. Closed Mondays.

Hokusai Landscapes from The Boston Museum Collection: 100 prints from the 18th century artist Katsushika Hokusai. Tobacco and Salt Museum, Harajuku, set in Tokyo's most fashionable street, a weekend itinerary could also take in the Meiji shrine and gardens, bamboo-shoot street dancers and refreshments at any of the wide variety of elegant cafes. Ends Feb. 8. Closed Mondays.

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Thursday January 29 1987

The state of the President

THE WISEST words spoken in Washington on Tuesday night came not from President Reagan in his state of the union message but from the crafty old Democratic politician, Mr Robert Byrd, the Senate majority leader. "The last two years of the Reagan presidency need not be a period of discord," he piously intoned. "A weakened president serves no one."

It is a sentiment that needs to be taken on board outside as well as inside the pressure cooker of Washington politics. It is moreover a view rendered even more valid by the content of the state of the union message. For even if Mr Reagan succeeded in convincing the sceptical about his health the import of what he actually said, and did not say, was to leave unto others, at home and abroad, the task of picking up the great slack in the policy reins.

It was in a perverse sense, reassuring to hear Ronald Reagan give a speech which almost failed to acknowledge the turmoil of the last three months and which sought instead to recreate the vision he so skilfully communicated in easier times.

He all but brushed off "mistakes" committed in what he maintained was a good cause in dealings with Iran; he reaffirmed his faith in the Contras fighting the Nicaraguan regime; he accused the Soviet Union of trying to "cripple" the Strategic Defence Initiative at the Reykjavik summit and offered little that might induce Moscow to pursue seriously arms control negotiations even on a step-by-step basis. He singularly omitted even a direct reference to the nation's estimated $170bn of trade deficit. Such policies as he did outline—youth retraining, budgetary vetoes and a war chest to assist US exporters—were all old hat.

Access control

In being quintessentially Reagan, the President threw down a gauntlet to those who would have him be something else. This has been a characteristic tactic throughout his long political career, in which he often laid down a smokescreen of hardline rhetoric only to pursue, on occasion, policies more than tinged with pragmatism.

But for much of his public life, Mr Reagan has often had the benefit of superior advice. The problem now — as Mr Byrd artfully pointed out and as the state of the union message amply demonstrated is that there is no wisdom constantly at his elbow. Had there been he surely would not have given licence to the likes of Lt Col Oliver North in 1985 and 1986; he might also have been able to draw on better advice in the drafting of his speech on Tuesday.

Nor will he get any, it appears, so long as Mr Donald T. Regan remains the White House chief of staff. A truly chilling column by the Washington Post's influential political commentator yesterday suggested that the figures of authority in the Administration — Mr James Baker at the Treasury, Mr George Shultz at the State Department, Mr Casper Weinberger at the Pentagon, Mr Malcolm Baldrige at Commerce and Mr Bill Brock at Labour—may well leave government if Mr Regan continues to control access to the President. Mr Weinberger, one might assume might remain around long enough to ensure that arms control is thoroughly torpedoed.

Nor can it be overlooked that it is Mr Regan who seems blithely intent on undermining the position of Mr Paul Volcker, chairman of the Federal Reserve, the one man who, when the dollar is on its knees, is associated with responsible economic and monetary policy-making in Washington.

Iranian petard

Merely discarding the chief of staff will not solve the policy problems for the head of state. Long before Mr Byrd chipped in, it had become fashionable among the President's supporters in Europe, including Mrs Margaret Thatcher, to argue in public that President Reagan needed help. It is never easy for Europe (or Japan) adequately to compensate for American paralysis but, for example, if the President is irrevocably hoist on the Iranian petard perhaps Europe could do worse than state, with one voice, that Iran should withdraw from Iraqi territory; if the President is unaware, as he seems to be of the dollar's frailty, then the industrialised nations had better not wait on policy initiatives from Washington.

There is no simple prescription. In a pure world, it would be tempting to think in terms of some informal floating regency, drawing on the best talent in Washington, bolstered by good external advice. But, as we have said before, help is sorely needed.

Jobs and the skills gap

THE REGIONAL mismatch in Britain between job opportunities and the unemployed, crudely characterised as the north-south divide, has featured heavily in recent press headlines. Less heavily publicised, but quite as important, is the mismatch between skills and available jobs. To the extent that yesterday's package of measures from the Employment Secretary, Lord Young, addresses the impact of skills shortages on unemployment, it marks a useful step in the right direction.

Lord Young's central proposal takes up the Manpower Services Commission's recommendation for a full-scale Job Training Scheme aimed particularly at unemployed people under 25. Broadly speaking, this will give the MSC the opportunity to train nearly a quarter of a million people a year provided that quality can be maintained. There will be no overall cost to the Exchequer, since the £102m bill will come off the Department of Health and Social Security's budget, and no loss of benefit to the applicants concerned.

No doubt the Opposition verdict will be too little, too late. And since the impact of the scheme will be most apparent in the construction industry, on which many of Labour's job creation hopes have been pinned, there may be some chagrin as well. While Lord Young claims to be looking to the 1990s, he has perpetrated a modest theft on the Opposition's clothes.

Numerous pressures

The TUC's representatives on the MSC have none the less endorsed this element of the package. And few will cavil with the emphasis the Employment Secretary is placing on the long-term unemployed, who account for around 40 per cent of the headline total and face diminishing job prospects as their time on the unemployment register increases.

Whether this will increase the number of training opportunities sufficiently in the period of structural adjustment that inevitably follows the peaking of Britain's oil revenues is another matter. And there are numerous other pressures on the labour market, as a new study from the OECD on the effect of technology on employment clearly indicates. While firmly debunking the notion that new technology invariably increases the level of unemployment, the Paris-based organisation points out that the real challenge lies in the occupational structure and the skills requirement of the workforce.

The need for adjustment, regardless of the overall impact of technology on employment, puts a premium on labour mobility (which is singularly hampered in Britain by the state of the rented housing sector) and skills. Any failure to confront the mismatch between labour supply and demand carries the risk that the country will end up exporting jobs from sectors of the economy that are exposed to international competition.

Encouraging trend

The good news in this diagnosis for countries suffering above average unemployment is that the level of domestic demand and of international competition is far more important than technical innovation in dictating overall levels of employment. The encouraging downward trend in Britain's unemployment figures over the past five months, which owes more to a dramatic devaluation of sterling against the currencies of Britain's main trading partners over the past year than to Lord Young's earlier initiatives, would appear to bear this out, at least in the short term.

The more worrying message concerns the extent to which Britain's labour force will have to adjust to cope with the strains that will continue to be imposed on it.

The way in which technology impinges increasingly on individual countries' comparative advantage should not be a cause for despair—but it does underline the need for permanent effort to improve education and training at all levels.

THE LAYFIELD REPORT

Power to the nuclear cause

By Max Wilkinson, Resources Editor

EVEN France's popular and successful nuclear industry breathed an un-Gallic sigh of relief when Sir Frank Layfield's report on the plan to build another reactor at Sizewell, in Suffolk, was published on Monday.

Sir Frank's emphatic endorsement of the safety and economy of the pressurised water reactor (PWR) is likely to be felt throughout Europe, and perhaps beyond.

After four years, Sir Frank and his four assessors have produced a minor masterpiece of clear and elegant prose on one of the most important dilemmas of the modern world: are the benefits of nuclear power worth the risks?

Although the investigation has followed the form of a conventional planning enquiry, it essentially put the peaceful use of nuclear energy on trial for its life. Few could doubt that a strongly adverse verdict from Sir Frank would have meant the disintegration of the British nuclear industry, and that this would have encouraged the "Green" lobbies in countries like West Germany and Italy, where opinions on the nuclear issue are finely balanced. A verdict which cast doubt on the safety of the PWR in Britain would have reverberated worldwide, since the great majority of reactors outside the Communist block are of this type.

In France, the only country in Europe where public opinion has been decisively in favour of nuclear electricity generation, doubts fired by the disaster at Chernobyl in the Ukraine last spring are still smouldering. As Mr Remy Carle, director of Electricite de France, said shortly before summaries of the Layfield 3,000-page opus were made public, a favourable decision on Sizewell B was highly important for the French industry.

"We don't want to be alone. We cannot be alone. The French people would not understand in the long term that nuclear energy would be good for them, but not good for anybody else."

The decision that Mr Peter Walker, UK Energy Secretary, expects to make next month on the Sizewell B project could, therefore, have a profound significance for Western Europe. In a speech last June, after a stirring overture—"The availability of energy is the very foundation of the world economy"—he warned that any decision to get rid of nuclear reactors in the European Community would lead to a "gigantic energy crisis" with rapidly increased dependence on foreign supplies of coal and oil.

It is highly unlikely that France, which generates 70 per cent of its electricity from 44 nuclear power stations, would abandon its PWRs except in the case of a large nuclear accident —of the sort which safety experts say is inconceivable. Indeed any general shutdown of nuclear plant would paralyse the French economy.

Similarly, in West Germany where 21 nuclear power stations account for 30 per cent of electricity production, most opponents accept that the cost of phasing out nuclear plant would be prohibitive.

In Britain, where gas-cooled reactors in service or being completed will provide about a quarter of electricity needs, even a slow phasing out of nuclear power could add 15 per cent to electricity bills and cost the country about £1.5bn a year —almost twice the amount allocated to the building of new hospitals.

In Sweden, where the Government is pledged to getting rid of nuclear power by the year 2000, an official study completed before Christmas suggested that the price of electricity would double because of the higher cost of running gas-fired power stations.

An unpublished study by the Paris-based International Energy Agency suggests that if the industrial nations cancelled all of the 60Gw of nuclear plant which is planned, but not yet built, coal consumption would rise to almost 2bn tonnes per year by the end of the century, 15 per cent more than the consumption expected if nuclear plans went ahead. Cancelling all nuclear plant under construction would add a further 300m tonnes to coal consumption.

If al lexisting nuclear plants were phased out in the industrial countries, coal consumption would rise to 2.7bn tonnes per year, more than double the present level and 60 per cent more than would be expected if nuclear power developed at the planned rate.

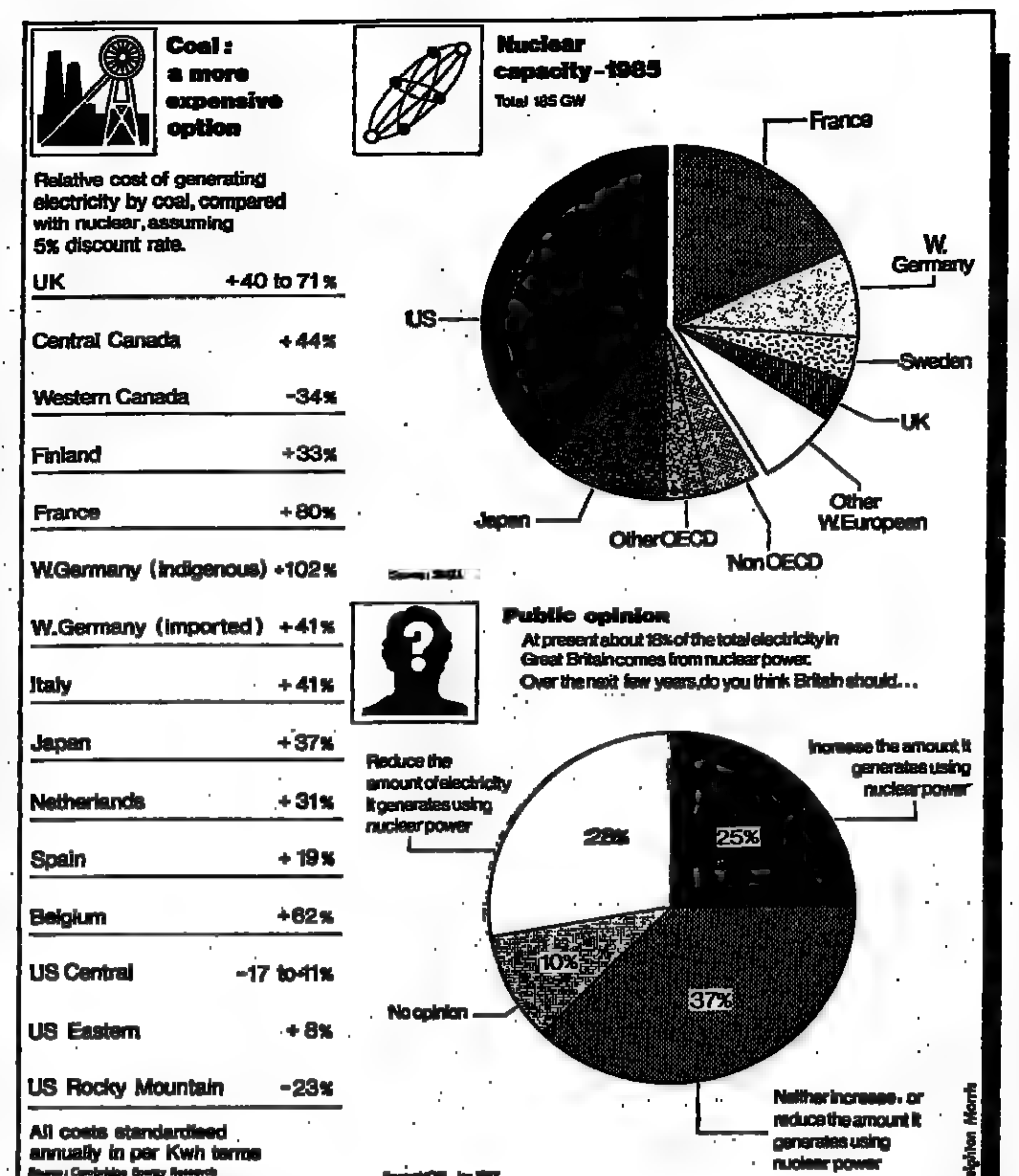
Such a rise in consumption would push up coal prices. So the paradox is that cancelling nuclear plans would give an economic advantage to countries like France which retain that option.

Sir Frank's statement of confidence will bring comfort to those European politicians charged with defending the nuclear status quo. It cannot but help them in preparing the ground for a new wave of expansion.

However, one difficulty for politicians is that the public is ignorant about nuclear power, even by its own admission. In the UK, where debate has been raging, the latest Mori (Market Opinion Research International) poll for the Reader's Digest, finds that two-thirds of the population believe they are not well informed on the subject.

For example, most people believe that Britain has far more nuclear power plants than it has. Even those who consider themselves well-informed thought that about 36 per cent of electricity came from nuclear plant, almost twice the actual proportion last year.

However, in a democracy, ignorance is no barrier to holding an opinion or voting. In Britain, the figure that matters to politicians is that, according to Mori, about 25 per cent want to increase nuclear capacity, while about 28 per cent want to decrease it. Almost half want no change or are "don't knows."



Poll results from elsewhere in Europe show roughly a third of people in favour of nuclear power, and a slightly larger number against. Between a third and a half have no strong feelings either way.

The main exception is France, where a majority of about two-thirds in favour of nuclear power was cut to about half by Chernobyl. In West Germany, the banning of milk and vegetables after the accident cut support for the nuclear cause to only 17 per cent, but it has been recovering since.

Supporters of nuclear power, including Mr Walker and Mrs Margaret Thatcher, UK Prime Minister, must hope that the publication of the Layfield report will help to change at least the informed section of public opinion. At £30 for the full eight-volume version, it is not many people's idea of bedtime reading, but much of it is nevertheless gripping stuff.

One reason is that Sir Frank has shown himself to have a breadth of vision which has enabled him to absorb complex ideas of physics, engineering, economics, law and aesthetics into a single, confident judgment.

Whether the final verdict is right will doubtless be hotly disputed in parliament—a debate is promised for next month—and elsewhere. But the Layfield report is so clearly argued, that informed debate ought to be much more disciplined from now on.

The report carefully distinguishes between issues of safety and economics often wilfully confused by the anti-nuclear lobby. While recognising that increased safety precautions have added to nuclear costs and eroded the competitiveness of reactors, the report argues that a British PWR would be cheaper than the alternatives, even in a world of relatively low coal prices.

The IEA, in another unpublished study, estimates that, with the cost of capital at 5 per cent, nuclear plant will remain cheaper than coal-fired stations as long as coal costs $40 per tonne in real terms over the next 40 years. This seems low compared with present Rotterdam spot prices of around $35 per tonne.

The report's detailed analysis of cost confirms common sense observation of what has been achieved in France, where electricity prices are among the lowest in Europe. In spite of the large debts of EdF, prices are expected to fall by one per cent a year in real terms until the end of the century.

In Britain, where the cost of the first PWR—at £1.6bn— would be about 60 per cent higher than for an equivalent station in France, where they are effectively mass-produced, nuclear electricity still has a decisive advantage.

The report also deals with the common argument that windmills, wave power, district heating schemes or tidal power would be an alternative to nuclear energy.

It says none of these schemes could be a substitute for Sizewell B because they could not produce enough electricity in the same time-scale and at comparable cost. Indeed, when alternative energy sources are available they are likely, in economic terms, to be competing with coal and oil-fired stations, rather than nuclear.

The critical argument is therefore safety. The report argues that the PWR is very safe—but not absolutely.

Everyone is entitled to a judgment on what risk can be traded for an economic advantage, but such opinions are often based on sloppy data. Sir Frank's report forces more precise thought about what the relative risks are and how the benefits look against the broader perspective of economic uncertainties.

Sir Frank may also have finished off the long-running argument in favour of the British advanced gas-cooled reactor (AGR)—put forward partly on the grounds that the rival US-designed PWR was not invented here. He points out that most of the PWR work will go to British companies, concludes that both are equally safe and, in spite of disbelieving some Central Electricity Generating Board figures, he says the PWR is likely to produce cheaper electricity.

Perhaps it would be over-optimistic for the UK Government to think that such a report will have a big effect on public opinion, however, it may well hope that it will stun dissident backbenchers into silence. In the absence of a furore within its own party, it will almost certainly authorise the project to go ahead before the election. What then?

The CEGB would move as fast as possible, although arguments will continue about the board's ability to build on schedule. It would also proceed apace with plans for a family of four to five more PWRs alongside the building of a similar number of coal stations. The troubled AGR programme would eventually be dropped, if the Conservative Government returned to power.

In the event of a Labour victory, Britain's nuclear industry would return to the state of turmoil that has been the norm for the past two decades. The Labour party is pledged to cancel Sizewell B and to phase out existing nuclear stations. But there are those in the party who doubt whether the cost could be justified.

The strength of Sir Frank's conclusions on the safety issue can be expected to undermine Labour's stance — or at least increase the doubts of uncommited party members, and the public.

Safety is clearly of huge importance to the public. But how would the electorate react in 15 years' time if the cost of power to French industry had fallen by 15 per cent (in real terms), while rising by 15 per cent in the UK — particularly if this were reflected in jobs and if PWRs had proved the safety experts right? The Layfield report might then be heading for a reprint.

Men and Matters

Courtaulds' new generation

Apart from an immediate operational crisis, Sir Christopher Hogg faced another "real problem" when he took over as chairman and chief executive of Courtaulds some seven years ago.

Hogg was then 43—but every other member of the board was at least 10 years older. "It was clear," he says, "that by the end of the 1980s I would have to find a whole new generation of board members."

That task was largely completed this week with the appointment of Gordon Campbell, 40, and David Giachardi, 38, as executive directors. When Norman Wooding, a deputy chairman, retires in April, only two executive directors who were on the board before Hogg will remain. They are deputy chairman, Mike Woodhouse, and Allan Nightingale, who are due to retire within the next couple of years.

The average age of the executive directors has already dropped to around 48 — with four in thteir 40s and one in his 30s.

All the new men in the boardroom have been promoted from within the group—though Richard Lapthorne, who took over as finance director last year, came from Unilever in 1983 to prepare for that post.

Campbell, a chemical engineer, who now becomes responsible for Courtaulds' pulp group, joined the company in 1968. He has been running the South African operations since 1985. Giachardi, who takes overall charge of research, joined the group in 1979 after a spell with the Boston Consulting Group. A chemist, he has been director of research since 1982. The two new directors strengthen the technical background of the board, correcting what Hogg saw as "a tilt too far in the other direction."

Hogg, who yesterday raised his offer for Fothergill & Harvey, the advanced materials manufacturer, clearly feels that he now has a top management crew ready for the 1990s. The decision last year to form a group executive committee to concentrate on strategic planning and development, he says, "has also given up more people on the bridge rather than down in the engine room."

Screen test

Francis Bouygues, the outspoken French entrepreneur whose group has now become the world's largest construction company, is leaving no stone unturned in his efforts to get into the French television business.

For some time, Bouygues has made it clear that he wants to acquire a major stake in TF-1, the country's largest and oldest national television channel, due to be privatised shortly by the French conservative government.

But Bouygues faces fierce competition for TF-1, including such heavyweights as Hachette, the country's leading publishing group, and Havas, the state-controlled advertising and media conglomerate, also to be privatised soon.

Hachette and Havas have recently teamed up to bid for "la une," as the television network is popularly known. But not to be out-manoeuvred, Bouygues (who is also understood to have had contacts with Hachette's chairman, Jean-Luc Lagardere) has just taken out full page advertisements in leading French daily newspapers to try to boost his chances in the contest.

The advertisements show a picture of the burly construction magnate—a leading player, incidentally, in the Channel tunnel project—with a caption pledging that "la une" would remain "la une" if he were to take it over. "I've been head of an enterprise for the past 35 years. Therefore you can trust me."

The network is expected to be valued at around FFr 4.5bn when the bidding opens. Price should not pose a problem for Bouygues who, despite a recent successful takeover spree, has amassed a major war chest for further acquisitions and his diversification into television. But, in the end, the award of TF-1 to private operators by the government is likely to hinge largely on political rather than economic considerations.

"At the third stroke our engineers will have been on strike for 3 days, 4 hours and ten seconds precisely"

Trafalgar's way

Trafalgar House, the property-to-shipping group, which recently has had to suffer the indignity of writing down the value of its oil and gas investments by £56.8m, has taken on a new finance director who — surprise, surprise — is highly experienced in the oil and gas business.

Dermot McDermott, aged 47, who despite his name was born and bred an Englishman, is moving in from Esso UK where he has worked for 26 years, part from three years detachment to the boardroom of Esso in Holland. Latterly he has been the Esso UK board member in charge of finance and the company's natural gas commercial activities.

He takes over at Trafalgar House from David Taylor who is leaving to pursue other interests.

McDermott says his role as finance director will not be in any way tied to the group's problems in the energy field. But clearly his long experience with Esso will be a welcome injection into the Trafalgar boardroom.

McDermot went to the Roman Catholic Douai private school in Berkshire, and then Balliol College, Oxford. He joined Esso in 1961 and has spent most of his career there in the treasurer's department and in commercial oil and gas, coupled with a spell at Cornel Business School.

Looking at the wide spectrum of Trafalgar House activities he says, "After Esso, none of it is totally strange to me."

Marxist trends

Marxism Today, the bible of the trendy left, seems determined to induce apoplexy among old-guard Communist Party members, already highly suspicious of their monthly magazine's drift towards "designer socialism."

Having previously promoted special offers of Marxism Today —labelled wine and Filofax-style personal organisers (for Eurocommunist yuppies, presumably), the magazine is now peddling a neat line in boxer shorts.

"Ideal for girls and boys at work and play, in the gym, in the pool . . . in bed," enthuses the once-dour magazine which still bills itself as the Communist Party's "theoretical and discussion journal."

There is a concession, however, to the party's dwindling pro-Soviet wing. The boxer shorts come with alternative designs—either the word "proletariat" printed several times in Cyrillic lettering, or the logo of the Soviet state airline, Aeroflot.

Observer

ECONOMIC VIEWPOINT

Exchange rate targets are just not enough

By Samuel Brittan

FLOATING exchange rates have been a disappointment to their protagonists. But they might still have been less bad than any politically feasible alternative during the time of troubles through which the world economy has passed since 1973.

It is doubtful whether the world would have weathered the strains and policy incompatibilities even as well as it did without the shock absorber of floating rates. The system at least has the merit of limiting the number of topics requiring international political agreement.

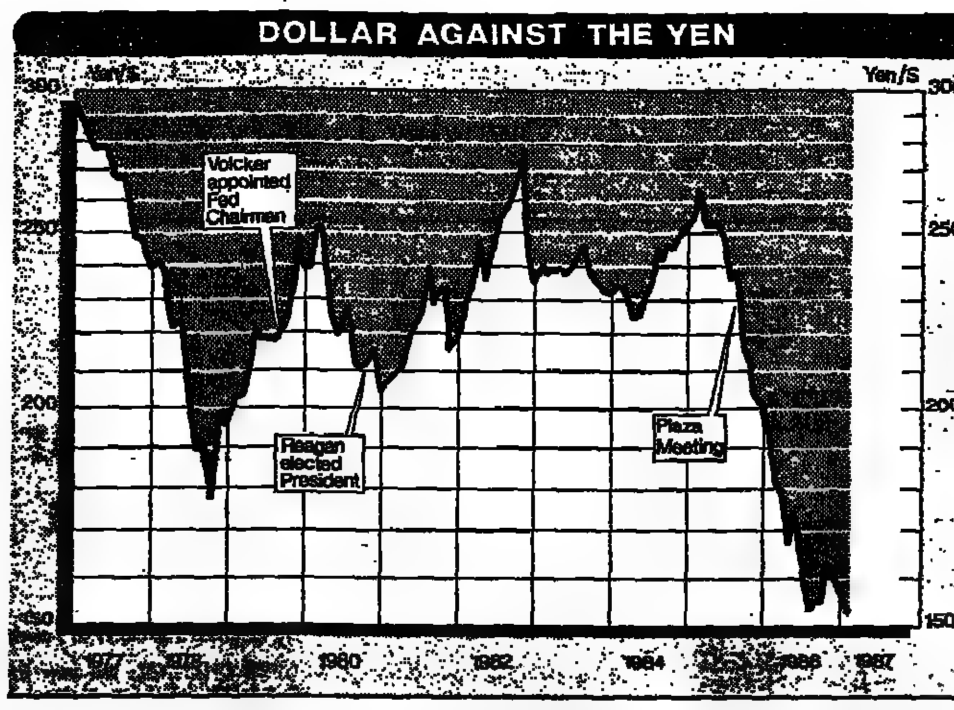
Nevertheless the great exchange rate swings of the past few years have had severe disadvantages. The dollar doubled against the D-mark in the five years to March 1985. Since then it has nearly halved, almost returning to its starting point. The dollar rose by nearly 40 per cent against the yen in the four years to 1985, before falling by nearly a half. In the past few years, moreover, real exchange rates have moved pretty much in line with nominal ones, for underlying inflation rates have differed little in the three countries.

One does not need a view of the appropriate exchange rate pattern to conclude that if today's dollar rate is right—and still more if it ought to fall further—then the rate of two years ago was absurdly high.

The unsustainably high dollar of the mid-1980s has had longer-term ill-effects. It put immense pressure on sectors of the US economy involved in exports or subject to import competition. If the high real rate for the dollar had lasted, it would have been sensible for the US to have adapted to low prices for internationally-traded products relative to those sold in more sheltered parts of the home market.

But as the high dollar did not last, adaptations have proved to be a mistake. American producers of traded goods have to rebuild market shares after their overseas competitors have entrenched themselves and are prepared to see their margins squeezed. There is thus a danger of excessive dollar depreciation—overshooting in the opposite direction to the recent past.

The political repercussions are worse. Protectionist sentiment, inflamed when the dollar was high, does not die down when the dollar falls. The balance of payments, previously mercifully confined to the financial pages of the American papers, now occupies the centre of the political stage. But it takes a long time for the current account to turn round—either because of lags or because of the need for a parallel reduction in the US budget deficit or both. The persistence of current deficits thus enhances protectionism and further politicises international trade.



There are parallel effects in the countries in surplus. When the dollar appreciates and their currencies fall, Japan and West Germany are encouraged to become even more dependent on net export surpluses for growth. When the currency markets turn round, an immense burden of adjustment is placed on their economic structure—less so for Germany, which is protected by a fairly competitive exchange rate against its European partners, than for Japan.

Unfortunately, it is a big leap from recognising exchange rate strain to devising an improvement. The fashionable proposal of target exchange rate bands will do more harm than good unless accompanied by other domestic measures. This point is recognised by the academic protagonists of target zones, but not always by those who pick up the idea as a political slogan.

There is too little understanding, even among analysts, of the reasons for the currency swing of recent years. As Peter Isard, an IMF economist, said at a conference: "Existing models of systemic behaviour explain little of the observed variance of exhange rates during the 1970s and 1980s."

Mr Michael Mussa, a member of the US Council of Economic Advisors, conceded at the same meeting that he could no longer say: "If it aint broke, don't fix it." But he added: "If you do not know why it is broke, or what the ramifications of the cure are, do not fix it."

If central banks try to support some target range while avoiding accompanying monetary changes — that is by "sterilised intervention" — the weak currency authorities would soon run out of reserves or borrowing power. The strong currency ones would either have to inflate more than they wish or raise domestic interest rates, so attracting even more of the inflows they are trying to offset.

Intervention can buy time or give a lead to the markets. But on its own it is not enough.

What, then, are the required accompanying changes in domestic policy? Suppose that a serious attempt had been made to stop the dollar climb into the stratosphere in 1983-1984. To have accomplished this, either US monetary policy would have had to be eased or German and Japanese policy be tightened.

Which should it have been? Is it reasonable to say that the US should have loosened monetary policy even more than it did in 1983 and 1984? These were the peak years of Reagan recovery when the growth of nominal demand reached into double digits and when real demand grew by 6 or 7 per cent per annum. Would it have been sensible to have stepped on the US monetary accelerator even more?

The one condition on which the US might have been asked to loosen monetary policy would have been an offsetting cut in the American budget deficit.

On the other hand, it would hardly have been reasonable for Germany and Japan to have applied the monetary brakes in 1983-85 when they were making a rather sluggish and non-inflationary recovery, and when other countries were looking to them for a lead out of recession.

The only circumstances in which tighter monetary policy in the strong non-dollar countries might have been justified would have been if their monetary tightness had been offset by more expansionary fiscal policies.

Thus a co-ordinated strategy for containing the soaring dollar in the mid-1980s would have required a combination of American willingness to give up cherished supply-side tax cuts, and Japanese and European willingness to shelve long-cherished plans for budgetary consolidation.

As for today, to stop the dollar falling further, US monetary policy might have to be tightened, or German and Japanese policy loosened much more than has happened so far. Many people would agree that the US economy is too vulnerable to ask the Fed to tighten and that the onus should be on Germany and Japan to expand faster. The snag is that the German and Japanese authorities do not share in this consensus, although they may be pushed kicking and screaming a little way in that direction.

Thus, starting from an attempt to reduce disturbing exchange movements, we move to domestic monetary policy and, from there, to fiscal policy. And even that may not be the end.

The moral is that if we have an exchange rate objective, and nothing else, it is impossible to say whether the onus should be on one set of countries to loosen their policies or on another to tighten them. The world rate of inflation and of demand growth become indeterminate if exchange rates are the only guide.

If future episodes of over-strong or over-weak currencies are to be prevented, some consensus will be required about the thrust of demand management, especially in the Group of Three (G3) countries (US, Germany-Japan).

Professor Ronald McKinnon for long pinned his hopes on a combined monetary target for these key countries. These hopes have been undermined by the breakdown of previously established regularities between money and other variables.

McKinnon suggests now that policy should aim at stabilising the price level of a basket of internationally traded products. This has much to be said for it. Yet it eliminates the possibility of any sort of action against recession in real activity, except to the extent that it is accompanied by falling product prices.

My preference would be for at least the first two of the assignment rules presented in John Williamson's paper for the London Centre for Economic Policy Research:

- The average level of world interest rates should be revised upwards or downwards if aggregate national income in money terms (combined nominal GDP) in the participating countries threatens to exceed or fall short of objectives. (Williamson talks about "real" interest rates; but the rule would work as well or better on the basis of less problematical nominal interest rates.)
- The distribution of national interest rates around this average are adjusted to help key currencies stay within their target zones.
- National fiscal policies should be adjusted to help achieve national nominal GDP objectives.

The third rule, as Williamson admits, is not essential. My problems relate to the determination of the exchange rate zones. Williamson would like them to be set at levels calculated to achieve whatever surplus or deficit in each country's balance of payments corresponds to underlying long term capital flows.

These requirements place an information overload on the system. Moreover, I go part of the way with McKinnon in believing that fiscal rather than exchange rate policy is the key instrument for tackling undesired national balance of payments developments.

I would start from any pattern of exchange rates with which the main participating countries are happy. The aim could then be either to try to keep to a minimum the adjustment of target bands, with the long term aim of approximating to the advantage of genuinely fixed rates; or at the very least to confine exchange rate changes to coping with real shocks, such as wars, oil price explosions, or the advent of North Sea oil.

Many of these problems were tackled automatically under the Gold Standard, which countries temporarily left when real shocks were too great. If we attempt to target exchange rate zones without thinking through the underlying problems, we will be riding for a fall.

Lombard

The downwards escalator

By Joe Rogaly

I'M NOT particularly perturbed about you, but I'm enjoying lower taxes, a booming financial sector, and a standard of living that is deliciously higher than it was when Mrs Thatcher first went to Downing Street. Most of us can say something like that this morning, and prove it by reference to Social Trends, the annual compendium whose 17th edition has just been published by the Government Statistical Service. But what are we to say about the poor and the destitute? That we are not particularly perturbed about them?

The answer depends upon your philosophy. As the excellent Professor A. H. Halsey intimates in an introductory article in Social Trends, you might support the version of British history that presupposes "a belief in progress and in the superiority of European civilisation especially the activities of British men," or you might be a Marxist, looking for the downward spiral. Our current "extravagant preference for graphs moving upwards to the right," suffers from the disadvantage that too many people are travelling in the opposite direction, on the downwards escalator.

That most of us are better off is indisputable. Real household disposable income per head rose by 11 per cent between 1980 and 1985. There are now some 14m owner-occupied dwellings, accounting for 62 per cent of UK housing stock. There is central heating in at least 69 per cent of households. Only a twentieth of the households in Great Britain lack a refrigerator, and only a third want for a deep-freezer. (Possession of the latter has jumped from 40 per cent to 66 per cent since 1979.) The penetration of the washing machine exceeds 80 per cent, as do the telephone and, naturally, the colour TV. Just on a third of households have a video recorder and, believe it or not, 18 per cent have a home computer. Only the dishwasher is spurned: in 94 per cent of British households it is still a matter of soapy hands and where is the drying-up cloth?

The worst news for a pensioner living alone and reading all this is that we comfortable ones are in such a thumping majority. In an age in which the extended family has dwindled away and the state has taken on the role of giving support to the elderly, the unemployed, single parents, and other unfortunates, their sustenance depends upon that great unmentionable: political morality. In the current ethical climate you can say "have condoms" any time you like, but you blush deepest red and hide your face if you blurt out, "have pity." This is not to say that the Tories have failed to increase expenditure in many of these areas, for that would be unjust. It is simply that they have failed to eliminate the manifest hardship.

The dismal picture is there to see, vividly set out in the painting-by-numbers that is the speciality of Social Trends. The proportion of people over 65 who live alone rose from 66 per cent to 76 per cent between 1973 and 1985; the increase was most marked for the over-75s. By 1985 some 14 per cent of all families with dependent children were headed by a single parent, as against 8 per cent in 1971; most of the growth was in lone mothers. Governments cannot be blamed when people live longer, or when the propensity to divorce or have illegitimate children increases, but to say that does not remove the problem.

The number of unemployed rose by more than 2m between 1979 and 1986 (discounting for changes in the official definitions), but that statistic alone does not tell us the full extent of the human devastation. For in 1979 a mere quarter of the unemployed had been out of work for over a year; by last July this figure was 41 per cent. Nearly 18 per cent had been unemployed for over three years. That is 575,000 people on a long trip down from the top left to the bottom right of the graph.

Again, the inexcusable kinds of class difference persist: for example, a baby born of a labourer is exactly twice as likely to die in infancy as one whose father is in the professional classes. But we're accustomed to that kind of number by now. We also know where most of the deprived people are: in the inner cities, and some of the council estates. The figures in Social Trends show it. But there are too many of us, and we are too drunk on the sweet nectar of acquisition to take much notice.

Letters to the Editor

Insider trading

From Mr A. Kelman

Sir, — Mr Wolman (January 28) is correct in his statement that a judge might excuse a witness from contempt of court for failing to assist DTI inspectors investigating a suspected contravention of the provisions of the Company Security (Insider Dealing) Act 1985. Much would depend, however, on the executive position of the witness. A judge might well be prepared to excuse a minor employee, such as a messenger boy, who refuses to testify on the grounds that he had supplied a friend or a close relative with information that could have been used by that person for insider trading. But a chief executive who attempted such a course would be highly unlikely to be able to escape a finding that he was in contempt. A financial director who refused to produce any documents in his possession or under his control relating to the company in whose securities the contravention is suspected to have occurred would also be in a similar position.

Nevertheless if a court decides on particular facts that contempt of court is not the appropriate way of dealing with the refusal of a person to co-operate with DTI inspectors it can direct that the Secretary of State considers exercising his powers against him which could include cancelling any authorisation to carry on investment business (such as being a stockbroker) or prohibiting him from carrying on business in a specified manner.

While these investigative powers are specifically limited to insider trading, serious frauds may soon be dealt with in a substantially similar way. In the Criminal Justice Bill at present before Parliament, new investigative powers are being conferred on the Serious Fraud Office which mirror those of DTI insider trading inspectors. Unlike the provisions of the Financial Services Act dealing with insider trading, however, any statement made by a person complying with a requirement to attend before the director of the SFO and answer questions cannot be used against him. These statements can, nevertheless, be used against other people and, owing to other changes made in the bill on admissibility of written statements in criminal proceedings, it is likely that sworn statements made to the Office by persons who do not appear to testify in serious fraud trials will become the key pieces of prosecution evidence in fraud trials should this bill become law. The effect of these new powers will be felt not just in the boardroom of major public companies and their advisers but by everyone touched by major frauds. In the words of Hollywood: "You ain't seen nuttin' yet!"

Alistair Kelman.
New Court,
Temple, EC4.

State of the art defence

From the Director-General, Electronic Components Industry Federation

Sir,—Reporting the vote in the House of Lords on the "development risk defence" provisions of the Consumer Protection Bill, Tony Jackson (January 22) describes this as a victory for the UK drug industry.

The Bill's provisions of course do not concern only the pharmaceutical industry. The availability of the "development risk" (or "state of the art") defence is of vital importance to every technologically advanced industry; without it the continuing innovation on which industries such as electronic components are crucially dependent would inevitably be stifled. This federation welcomes the firm stand taken by the Government.

Richard H. W. Bullock.
7-8 Savile Row, W1.

Audiences in cable homes

From the Director, Cable TV Association

Sir,—John Chittock (January 20) wonders if cable TV programme services "seriously challenge Britain's four broadcast channels."

A survey conducted in July 1986 and published last autumn, shows that in cable homes some 40 per cent of viewing time is spent watching cable channels as opposed to broadcast services, so cable is indeed competing head-on with broadcasting — and is doing pretty well.

Nicolas Mellersh.
50 Frith Street, W1.

Speech of thanks

From Mr H. Quarshie

Sir,—In your report (January 14) on "Drama" magazine's awards, I am said to have "declared" that I had always assumed that these awards went to the "rich, white and stupid." I don't recall saying anything quite so crass. I do remember admitting that I used to be quite cynical about the prospects of making a career in the acting profession unless one were "rich, white or stupid, or possibly all three." I thanked the British Theatre Association for giving me the award because it proved me wrong on at least two counts. I thought I had made a joke but, evidently, your reporter didn't think so. I shall know better in future: no joke, no comment.

Hugh Quarshie.
Royal Shakespeare Company,
Barbican Theatre,
Barbican EC2.

Corrosion at Hinkley

From Mr T. Schoeters

Sir,—To read that Max Wilkinson was unable to cause meltdown in the simulator at Hinkley Point (January 17) will bring no comfort to dwellers in the West Country.

There is growing concern, ably expressed by Paddy Ashdown MP, that the ancient reactors at Hinkley Point A will suddenly give up the ghost—and a number of residents in the Bristol area with them.

The Commons Select Committee on Energy is considering a report by consultants on serious corrosion inside the reactor vessels and to the fuelling tubes. Apart from that no one can guarantee that the older type reactors cannot suffer a fuel channel accident (a fire?) like the one that closed a Chapel Cross reactor for 1½ years in the late 1960s.

Ted Schoeters.
149 Parkside Drive,
Exmouth, Devon.

Inaction on tin

From Mr M. Arnold

Sir,—I am sure that I was not alone on January 24 in breathing a sigh of relief that "Man in the news" Paul Channon has no ambitions to be a Treasury Minister. Not only does he not have that "kind of inclination" but clearly has no aptitude either.

Mr Channon is bent on keeping the liability of approximately £20m out of DTI's budget at a cost to the tax payer of enormous legal fees. At the same time his colleagues at the Treasury face the loss of £200m in taxes as reported on January 23.

I refer, of course, to Mr Channon's department's failure to address the losses suffered by bankers and brokers by the collapse of the International Tin Council which was a creature of Government and upon which a DTI delegate sat with full information available to him.

A learned judge was recently moved to remark "the responsible course now would be for the member states, by diplomatic means, to negotiate suitable arrangements to meet the shortfall." It is to be hoped that Mr Channon will be moved to be responsible at a time when his department is enforcing responsibility in the City.

M. J. Arnold.
Tinco Realisations,
7, Rolls Buildings,
Fetter Lane, EC4.

Personal equity

From Mr S. Scammell

Sir, — For taxpayers at standard rate, whose capital gains (if any) habitually fall within the exemption-limit, there is no financial advantage in a PEP scheme: in fact the contrary. After the annual management charge they might be better off by about ½ per cent net pa on their money, and it would take a number of years for that margin to make good the front-end charge. And the capital gain exemption is worthless to them.

Yet this is the very type of investor, and none other, that the Government sets out to attract (ie to encourage saving if you wish to be polite or to create a nation of right-of-centre capitalists if you do not).

It is difficult to perceive how the scheme could have survived half-an-hour's discussion, either in the Cabinet or in the Treasury. Perhaps it never got it.

S. E. Scammell
East Knoyle,
Salisbury, Wilts

Oratory by any measure

From Mr R. Marsh,

Sir, — In the Weekend FT of January 17 Frank Gray, in his review of "King Remembered," refers twice to Martin Luther King's oratory. I have no wish to denigrate that great man or his oratory and indeed seem to remember there were some striking phrases of his own composition in his famous "I have a dream" speech. Thus it seems to me a pity that Mr Gray, in an apparent effort to give an example of King's oratory, cites not any original words of his but rather Isaiah chapter 40, verses 4 and 5 which, I submit, has been heady stuff for rather more than a generation.

Rowan M. L. Marsh,
Munchsteig 3,
8008 Zurich,
Switzerland.

FINANCIAL TIMES
Thursday January 29 1987

US moves closer to automated software 'factory'

By Alan Cane in London

US SOFTWARE engineers have taken the biggest step yet towards the programming "factory", capable of manufacturing high quality computer software on demand and without human intervention.

Such a development could end the costly delays every major company is suffering today in getting new software written and existing software modified and amended.

Texas Instruments (TI), one of the world's largest semiconductor manufacturers, and James Martin Associates (JMA), a respected information technology consultancy, yesterday announced they had jointly developed a system which automates all stages of the production of business software from initial design to the final program.

They have devised, in fact, a computer system which creates computer systems.

Many software engineering companies world-wide have developed programs which automate part of the software creation process, but the Texas/JMA system is the first claimed to automate all the stages from strategic definition of the business requirements, through analysis and design to the generation of programs free from errors.

The new system is now being used by a number of major companies including Ford of Europe and Volvo Data of Sweden which say it cuts costs and errors.

The system, called the Information Engineering Facility (IEF) is based on the ideas of Mr James Martin, a former IBM executive who has built a considerable reputation through writing and lecturing on data processing topics.

He was one of the first to argue that developing a good commercial computer system depended first on a thorough knowledge of the structure and function of the business for which it was intended.

Later this year, Arthur Young, the consultants, are expected to launch a similar software generation system, the Information Engineering Workbench, also based on Martin's concepts.

The backlog for new programs in many companies is now more than two years, and 80 per cent of the cost of a program goes on modifying it and repairing errors after delivery. The reason is the comparatively unprofessional way in which much software is still written.

Software systems based on sound engineering principles such as IEF and IEW could cut dramatically the cost and the time taken for the development of new business programs.

This could in turn help to stimulate the depressed mainframe computer market which has hit, among others, IBM's revenues.

Waite safety 'guaranteed' by Shia intermediary

BY NORA BOUSTANY IN BEIRUT

THE SAFETY of Mr Terry Waite, the Archbishop of Canterbury's special envoy, who has been missing in Lebanon for eight days, has been guaranteed, according to an intermediary who maintains contacts with a faction holding American hostages.

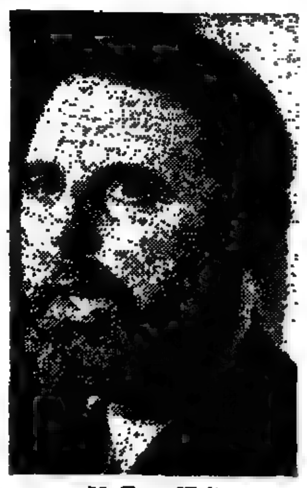
Fears that Mr Waite had been kidnapped have mounted over the past three days, and on Tuesday the British Government instructed its diplomats in Beirut to mount a search for him.

The Foreign Office in London said yesterday that it had still not received any word about Mr Waite's whereabouts. It denied that it assumed Mr Waite was being held against his will.

Mr Waite left his bodyguards drawn from the Druze militia on January 20. He was understood to be heading for secret negotiations with the captors of two US citizens, Mr Terry Anderson, a journalist, and Mr Thomas Sutherland, an academic.

An Nahar, Beirut's leading newspaper, reported yesterday that a prominent Shia doctor and former government minister had been given assurances about Mr Waite's safety. The doctor, who acted as the intermediary between Mr Waite and the kidnappers, is said to have been told that the group with whom Mr Waite was talking "had no intention of detaining the Anglican emissary."

It had been considered wiser for the issue "to be dealt with quietly, far away from the press, to avert any possible irrational acts by the kidnappers."



Mr Terry Waite

Despite these still vague assurances the British embassy is continuing to urge its nationals to leave West Beirut. About 12 Britons are living in the Moslem-controlled part of the city.

Mr Hashemi Rafsanjani, the speaker of the Iranian parliament, said in Tehran yesterday that his country would do anything it could to help Mr Waite.

It is believed that Mr Waite had been planning to talk to Hezbollah, the Shia faction which has close links with Iran. However, disputes have recently broken out within the radical Shia group over its policy towards hostages.

These intensified following the arrest in West Germany of two brothers, one of whom the US wishes to extradite for his alleged participation in the hijacking of a TWA airliner in 1985. A third brother, who lives in Beirut, is a prominent member of Hezbollah and is said to be determined to win the release of the two men in West Germany.

Among the nine expatriates kidnapped in Beirut during the past fortnight are two West German businessmen. Three American teachers from Beirut University College were also seized and yesterday Washington ordered its two aircraft carriers in the Mediterranean to change their schedule and remain at sea.

A spokeswoman refused to say whether the change in orders was related to the increased tension in Lebanon.

Mrs Margaret Thatcher, the British Prime Minister, yesterday described Mr Waite as a man of enormous courage and bravery. "He believes in trying to do whatever he can to help hostages of whatever nationality," she said.

Mrs Thatcher added that part of his success lay in the way he distanced himself from governments. "Terry Waite works on his own. He is a unique person and I hope he will be protected in the work he is doing."

Reuter adds from Washington: The Reagan administration announced it was forbidding Americans to travel to Lebanon unless they had US government approval.

Mr Charles Redman, State Department spokesman, said: "Effective immediately, US passports are not valid for travel to, in or through Lebanon unless specifically validated."

British cable TV poised for launch in Europe

By Raymond Snoddy in London

SUPER CHANNEL, the new British satellite television channel for Europe, launches its service on Friday to 6.4m homes in 14 countries, one year to the day after the project was first given the go-ahead by the independent television companies.

Subscribers to cable networks as far afield as Spain and Norway will be able to receive a 24 hour a day channel put together from programmes from the ITV companies, the BBC and independent producers.

After the broadcast of a party to launch the channel on Friday evening, the first proper programme will be a special edition of Game For a Laugh, a popular British game show, to emphasise that Super Channel is primarily an entertainment channel. It will be followed by Yorkshire Television's production of Romance on the Orient Express.

But each weekday, there will also be a 30 minute evening programme of European news specially produced for the channel by ITN under a contract worth more than £2m ($3m) a year.

Granada Television is also producing a weekly European version of What the Papers Say, a review of press coverage, which will feature leading European journalists.

Super Channel will compete directly with Mr Rupert Murdoch's Sky Channel, the general entertainment channel which is now available to more than 7m cable television homes in Europe but which is still losing money after four years in operation. Sky lost £5.9m last year despite increasing its advertising revenue to more than £8m.

"We will grow the pan-European advertising market," said Mr Richard Hooper, joint managing director with Mr Charles Levison of Super Channel. Mr Hooper said he believed that the pan-European television advertising market worth about £10m last year could double to £20 this year.

Super Channel is owned by 14 of the 15 ITV companies – only Thames Television decided against investing – and Mr Richard Branson's Virgin Group.

The companies have already put up £11m in equity finance, £5m in paid-up loan stock plus £20m in partly paid-up loan stock to be called on when needed.

The annual running costs are expected to be more than £15m a year. About a third of the channel's advertising revenue for the financial year to August has already been booked.

The first advertiser on the new European channel will be Austin Rover, using satellite television for the first time. The launch of Super Channel coincides with the launch of the Rover 800 in Europe.

Other companies to book advertising include Schweppes, Mars, McDonald's, Nissan, Revlon and Coca-Cola.

Ten hours a day of pop music programmes will be provided by Music Box, the satellite channel which has merged its main activities with Super Channel. About 40 per cent of the remaining hours will be provided by ITV, 40 per cent by the BBC and rest by independent producers.

Super Channel will pay between £2,000 and £2,500 an hour for the programmes

The BBC, which is not a shareholder, will receive 22.5 per cent of eventual profits

THE LEX COLUMN

Conscription to the Club

Packages of emergency measures are often designed to divert attention from the main issue, while creating the impression of concerned Government activity.

It looks, however, as if Mr Channon's agenda for the Takeover Panel is an honourable exception to this tradition of crisis management: details are still up in the air – it goes without saying – but the outlines are both sharper and a bit more subtly drawn than the City of London will have feared.

A rather unexpected way in which the panel is to get a stiffer legal backing is for company law to be tightened up. Making companies conform, by law, to the Takeover Code's standards of fair dealing is about the neatest possible way to replace voluntary compliance to the Panel's rulings with something more gripping.

Making disclosure of material interests, indemnities and nominee accounts a matter of law is to close some unnecessary gaps between minimum legal standards and the more elevated moral tone of the code.

Moving across the legal gap in the opposite direction, Mr Channon is surely right to think about giving the code some reinforcement within the various statutory sets of rules promulgated by the SROs.

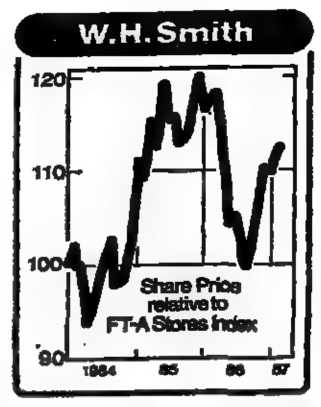
So long as action follows words, it is also logical to talk about passing information on financial wrongdoings rapidly to whatever agency is best placed to do the necessary regulatory things. If that means the panel putting evidence in the way of the DTI inspectorate, it will amount to no more than reaffirming the status quo.

However, if a broader surveillance apparatus can be set up to spot irregularities at an early stage, and the detective work is fed into panel decisions, preventative self-regulation may take on new life.

Mr Channon's parting, if conventional, threat – "Make this work, or else" – should heighten the attractions of this interesting compromise.

WH Smith

The directors of WH Smith have some reason to be confused by the workings of the stock market, which has in the past itself been critical of the company's ability to communicate. In August, WH Smith produced preliminary profits right in line with market predictions, and the share price was hammered. Now it has come out with similarly predicted interim profits of £26m, and the share price has added to its recent strength with a 5 per cent rise arise to 309p.



The point, however, is not the numbers, but in the message. Six months ago the company gave the distinct impression that its two recent acquisitions, Elson and Dur Price, were not coming up to expectations. Since the vendors had come looking for Smith, rather than the other way around, that did not look too good.

It now appears that Dur Price and the old WH Smith record retailing business are meshing as planned, and a 14 per cent like-for-like sales increase in the WH Smith record departments suggests that fears of cannibalism were exaggerated.

As for Elson, whose management Smith had definitely overestimated, the trouble shooters sent out from Sloane Square have done their work. Elson should break-even net of financing charges this year, which means that the company should be only one year behind the projections used to justify the bid. Elson would have done still better, but for the US reaction against what Smith euphemistically describes as "male sophisticate" publications.

The only part of the domestic business which has not made a strong advance is wholesaling. But with a freeze in newspaper cover prices over the past year, that is hardly WH Smith's fault. When those increases come, they will hit the bottom line almost intact.

To produce a profits increase of over 20 per cent, when rapid expansion has caused the interest bill almost to double and the depreciation charge to rise by a third shows the underlying strength of the business. So the prospective multiple of about 15, assuming full year profits of £60m, seems justifiable.

Courtaulds/Fothergill

Fothergill & Harvey shareholders could have had the decency to wait for their board to issue a considered response before rushing to sell to Courtaulds. But at least the speed with which Courtaulds picked up around 1½m shares yesterday might persuade Fothergill to agree gracefully to the higher offer. Indeed but for the attraction of the share swap, worth 10p more than the 300p cash alternative at last night's close and a good way into an underrated stock, Courtaulds might have been overwhelmed by sellers. Even so it is the introduction of the share element (in response to market demand) as much as the new level of the bid, which should win the day.

It would be difficult for Fothergill to convince its shareholders that an exit multiple of 21.5 times 1986 earnings, and 15.8 times forecast 1987 earnings, falls short of its value considering Fothergill's recent experience and the uncertainties of forecasting so far ahead. Courtaulds appears to have won the argument on industrial logic, and Fothergill should prosper as part of a bigger group.

Courtaulds' reputation for spending on hi-tech products and its commitment to the industry, demonstrated this week by purchase of another 30 per cent of Hysol Grafil, taking its stake to 80 per cent, ought to reassure the Fothergill board. The fear that American Cyanamid may break off its relationship with Fothergill is not to be dismissed; but other sources of technology should open up to Fothergill if the bid succeeds.

If Courtaulds should be accused of paying too much to gain a strategic position in carbon fibres, it can at least argue that in relative terms Fothergill is fairly small and dilution in the first full year of ownership should be nil. And judging by Courtaulds' determination to win this bid, its first public takeover in years will not be the last.

UK Government hints at tough takeover code

Continued from Page 1

take a long time to be implemented.

Mr Channon welcomed the meeting shortly of the Takeover Panel to consider changes in its code and other actions to strengthen its application. He said he had agreed with Mr Robin Leigh-Pemberton, Governor of the Bank, that all concerned with regulation should consider fully how best to support the Panel. He listed four main areas:

- "In the light of the Panel's immediate plans whether additional action by any of us would be helpful in relation to disclosure of material interests, indemnities and nominee shareholdings. Company law is particularly relevant here and we will be looking both at its relationship with the code and whether it is desirable to amend the relevant positions of the Companies Act." Officials later indicated that one option might be to reduce the 5 per cent level of the shareholdings requiring disclosure.
- "We need to ensure that any information suggesting matters requiring investigation should be passed rapidly to the body most able to take quick, effective and appropriate action and to ensure that the investigative powers available under the Companies Act, the Financial Services Act and the Banking Act are used to best effect to support the Panel." This will involve an examination of the arrangements for co-operation between the various authorities.
- "We will be considering how best to reflect provisions of the Takeover Code in the rules to which investment businesses will be subject under the Financial Services Act." This might include altering the rule book of the Securities and Investments Board.
- "The Governor will, at my request, review with the chairman of the Panel whether it has sufficient resources and, second, the question of representation on the Panel of those with responsibility for the regulation of investment business under the Financial Services Act." This might involve the SIB and the Stock Exchange.

Gorbachev promotes his key supporters

BY PATRICK COCKBURN IN MOSCOW

MR MIKHAIL GORBACHEV, the Soviet Leader, yesterday strengthened his authority within the ruling Politburo by retiring one supporter of the late President Leonid Brezhnev and promoting one of his own key supporters. The changes mark a clear break with the Brezhnev era.

Mr Dinmukhamed Kunaev, whose removal as leader of the Kazakhstan Communist Party provoked riots in December, was retired from the Politburo and Mr Alexander Yakovlev, the head of party propaganda and a supporter of greater freedom in the media, was promoted to be a non-voting member of the Politburo.

Two new Central Committee secretaries, the men who are responsible for running the party machine on a day-to-day basis, were elected.

They are Mr Nikolai Slyunkov, party leader in the Republic of Byelorussia, and Mr Anatoly Lukyanov, head of a department of the Central Committee that handles administrative affairs.

The changes at the top were the first in the inner ranks of the Soviet leadership since the 27th Party Congress last March.

They came at the end of a two-day meeting of the Central Committee of the Communist Party in Moscow during which Mr Gorbachev condemned almost without reservation the political and economic policies pursued during Mr Brezhnev's 16 years in power.

Mr Gorbachev said that for the leadership in the Kremlin in the late 1970s and early 1980s "the world of day to day realities and that of make-believe well being were increasingly parting ways."

"Disregard for laws, report-padding, bribe-taking and encouragement of toadyism and adulation had a deleterious influence on the moral atmosphere in society," Mr Gorbachev told the Central Committee, half of whom were appointed under Mr Brezhnev.

Second chance, Page 2

Liffe launches rules probe

Continued from Page 1

trades on behalf of its clients, mainly banks, dealing in many of the interest rate, currency and stock index futures and options contracts dealt on Liffe.

Though no details of the investigation have been revealed, it is believed to involve possible pre-agreed trades being transacted on the Liffe floor as part of a scheme to avoid tax.

Such trades are barred because, under the principle of the open outcry trading system used by most futures exchanges, clients' orders should be revealed to the whole market in order to obtain the best price for them.

The type of trade being investigated would involve collusion between two or more parties, who might book losses in the UK and gains offshore

Liffe is understood to be keeping the Government, the Bank of England and the Inland Revenue informed of the investigation.

$ see-saws on trade deficit

Continued from Page 1

Satoshi Sumita, Governor of the central bank, said yesterday that a meeting had not been fixed but things were moving in that direction.

He praised the outcome of the Washington meeting last week between Mr Kiichi Miyazawa, the Finance Minister, and Mr James Baker, US Trade Secretary, and said he believed that there was no gap between the two governments in their stance on currency markets.

At the same time he appeared to issue what was interpreted by some as a veiled threat when he said that Japanese institutional investors might get discouraged about investing in US Government securities if the dollar continued to fall

Reagan puts the sunny side up

Continued from Page 1

White House Chief of Staff, who is as embattled as his President, had, with one key exception, no new ideas to offer as a way of tackling the problems, particularly the economic problems that Mr Reagan implicitly acknowledged are facing the country.

The exception is a striking change of tone on trade policy. The President once again rejected protectionism, but with the Congress in full flight towards enacting a trade bill, Mr Reagan is launching his own in emotive language, saying that Americans are no longer prepared to be treated like "patsies" in the international trade arena.

On Capitol Hill the President's Republican friends, who cheered and clapped enthusiastically at the slightest opportunity as he spoke, had hoped Mr Reagan would find words to try to change the tone of the Iran controversy. They hoped in vain. "Serious mistakes had been made," Mr Reagan said, adding that the affair was his "one major regret."

Conservative Democrat Senator Sam Nunn, who does not believe the President should apologise, was quick to point out afterwards, however, that once again Mr Reagan had refused to concede that the policy of trading arms for hostages was wrong, indeed he again justified it. "Instead he is saying the implementation went wrong and that is a position most Republicans as well as Democrats cannot accept."

Shrewdly, with the opinion polls saying that most Americans think the President is lying, the Democrats are turning the credibility issue against their Republican foe. In the Democratic response House speaker Mr Jim Wright pointed out that three months ago Mr Reagan had identified the war on drugs as a top priority, yet he had cut fundings for anti-drug programmes in his budget.

In his State of the Union speech Mr Wright said, the President had identified education as a foundation of the improvement in the competitiveness of the US economy he said he favours, but in his budget he had proposed cutting education funding by over one quarter. "This gap between rhetoric and reality we just cannot tolerate."

Senator Robert Byrd, Democratic majority leader, added that on foreign policy he questioned the trustworthiness of the Administration."

The defensiveness of the Reagan agenda was underlined by his comments on major issues. There was no sign of any softening of his long-established position on the federal budget deficit which he described as "outrageous" before once again ruling out the compromise on spending cuts and tax increases which most congressmen in both parties (and many of his own officials) believe is the only way to tackle the question.

His comments on Central America were, to say the least, combative, designed to impress Congress with his determination to fight for funding for the Contra rebels in Central America, a thrust which threatens to divide the rival Democratic Party.

On US-Soviet relations too, Mr Reagan's vigorous expressions of his determination to stick with the Star Wars Strategic Defence Initiative gave no hint of a shift which could open up the path to an arms control agreement.

If the President is adopting his usual tactics of privately preparing concessions while publicly taking a tough negotiating position, he is doing it convincingly.

World Weather

		°C	°F
Ajaccio	C	15	59
Algiers	S	17	63
Amsterdam	F	3	37
Athens	F	18	64
Bahrain	C	22	72
Bangkok	S	30	86
Barcelona	F	15	59
Beirut	C	16	61
Belfast	F	3	37
Belgrade	R	0	32
Berlin	F	0	32
Biarritz	S	18	64
Bombay	S	33	91
Bordeaux	S	15	59
Brussels	C	2	36
Budapest	F	-1	30
B. Aires	C	38	100
Cairo	S	17	63
Cape Town	S	23	73
Caracas	C	24	75
Casablanca	F	19	66
Chicago	Sn	-2	28
Cologne	C	1	34
Copenhagen	S	-7	19
Corfu	F	17	63
Dallas	—	—	—
Dublin	F	5	41
Dubrovnik	C	12	54
Edinburgh	C	3	37
Faro	C	16	61
Florence	C	12	54
Frankfurt	Sn	-1	30
Funchal	S	16	61
Geneva	R	4	39
Gibraltar	F	15	59
Glasgow	F	1	34
Guernsey	C	3	37
Helsinki	S	-20	-4
H. Kong	F	17	63
Innsbruck	C	-2	28
Inverness	C	3	37
Islamabad	S	24	75
Istanbul	R	8	46
Jakarta	R	29	84
Jersey	F	2	36
Jo'burg	F	29	84
Lima	S	27	81
Lisbon	R	15	59
London	S	5	41
Los Angeles	C	13	55
Luxembourg	C	-2	28
Madrid	C	13	55
Majorca	D	15	59
Malaga	—	—	—
Malta	S	18	64
Manchester	S	3	37
Manila	S	26	79
Melbourne	F	19	66
Mexico City	S	25	77
Miami	Sn	-15	5
Milan	Fg	1	34
Montreal	Sn	-15	5
Moscow	Sn	-18	0
Munich	S	-1	30
Nairobi	[illegible]	27	81
Naples	C	16	61
Nassau	S	21	71
New Delhi	S	24	75
New York	F	-8	18
Nice	S	12	54
Nicosia	C	16	61
Oporto	R	15	59
Oslo	F	-10	14
Paris	F	-1	30
Peking	S	10	50
Prague	S	-2	28
Reykjavik	C	1	34
Rhodes	R	15	59
Rio de J'o	C	30	86
Rome	F	17	63
Salzburg	Sn	-2	28
San Francisco	C	14	57
Seoul	S	6	43
Singapore	F	28	82
Stockholm	F	-10	14
Strasbourg	C	-2	28
Sydney	S	25	77
Taipei	S	16	61
Tangier	F	19	66
Tel Aviv	S	15	59
Tenerife	C	17	63
Tokyo	S	11	52
Toronto	C	-8	18
Tunis	S	20	68
Valencia	—	—	—
Venice	—	—	—
Vienna	S	-1	30
Warsaw	F	-3	27
Washington	F	-13	9
Zurich	Sn	-1	30

Readings at mid-day yesterday:
C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

INTERNATIONAL APPOINTMENTS

American Can elects chairman

American Can Company, the Connecticut concern with interests in financial services as well as packaging, has announced that Mr Gerald Tsai, jnr, 57, the company's vice-chairman and chief executive, has been elected to the additional post as chairman.

He succeeds Mr William S. Woodside, who is to retire on January 31 at the age of 65, in accordance with the company's retirement policy.

Mr Tsai will take on the title of president with effect from March 1, on the early retirement of Mr Frank J. Conner, from the post.

Mr Woodside is to continue to serve as a director of the company and as chairman, executive committee.

Diebold director

Diebold, of Ohio, the maker of automated financial transactions machines, has announced that Mr W. R. Timken, Jr, chairman of the board of The Timken Company has been elected to the board of Diebold.

Mr W. R. Timken, Sr, the retired chairman of The Timken Company, and a Diebold director since 1968, is not to stand for re-election at Diebold's shareholders meeting in April.

Flying Tiger promotes airline doctor

BY WILLIAM HALL IN NEW YORK

MR STEPHEN M. WOLF, the 45 year old airline executive, has been elected chairman, president and chief executive of Tiger International less than six months after he joined the world's largest and oldest scheduled air cargo carrier, which has been facing serious financial problems for several years.

Mr Wolf, who is widely regarded as one of the ablest senior executives in the US airline industry, replaces Mr Robert P. Jensen, a former chairman of E. F. Hutton's leveraged buyout arm, who was brought in to try and save the company in August, 1985.

Mr Wolf joined Tiger in August 1986 as chief executive of its main subsidiary, the Flying Tiger Line, which is heavily indebted and has been struggling for years to avoid bankruptcy. Prior to joining Flying Tiger Line, Mr Wolf had been chief executive of Republic Airlines, where he had been credited with masterminding the group's financial turnround and the eventual sale of the company to Northwest Airlines early last year.

Mr Wolf, who spent 15 years with American Airlines' marketing department, is said to be "used to sick airlines." Prior to joining the lossmaking Republic in Febuary, 1984, he was president of Continental Airlines and before that he was senior vice president of marketing at Pan Am. He joined Republic shortly after it announced a $111m loss and was teetering on the verge of bankruptcy. He slimmed down its route network—cutting the number of airline hubs from eight to three—and negotiated substantial wage cuts in return for the employees receiving 15 per cent stock ownership.

He faces an equally formidable task in reviving the fortunes of the ailing Tiger International which has lost close to $800m over the last six years, and now boasts a negative net worth. However, his success to date probably explains the speed of his recent promotion.

In November, after threatening to sell the company's fleet of 20 jets, he persuaded the 650 pilots to accept a 3½-year package of wage and benefit concessions which include a 25 per cent pay cut in return for a share in the airline's profits and an employee seat on the board. The machinists have reportedly accepted a 15 per cent wage-cut, and a reduction in benefits and changed work rules, and the airline's non-unionised staff have also accepted concessions in return for a share in the profits.

Mr Wolf has also shaken up Tiger's senior management team. Mr Lewis Jordan, the president and chief operating officer of Flying Tiger Line has resigned, Mr Ronald D. Marasaco has joined the group from Western Airlines to become senior vice president operations, and Mr Charles Thomson, a former executive with Frontier Airlines, has been appointed vice president human resources.

Mr Stephen M. Wolf has taken charge at Tiger International less than six months after joining the world's largest and oldest scheduled air cargo carrier

Tiger International returned to profit in the fourth quarter of 1986, when it earned $10.4m from continuing operations, and it is optimistic about the outlook for 1987. "The implementation of the employee partnership plan and comprehensive cost reduction efforts, the anticipated successful completion of the refinancing of its debt and the revitalisation of its marketing position should result in a marked improvement in 1987," the company said last week.

All of this is good news for Tiger's beleaguered shareholders, who have seen the value of their shares fall from a peak of $34.60 a share in 1978 to under $4 last year. The company stopped paying a dividend six years ago.

The biggest shareholder is Mr Saul Steinberg, the New York financier, who is showing heavy losses on his investment which dates back to 1979. Wall Street appears to have sensed that Mr Wolf's arrival marks a turn in the fortunes of the Flying Tigers and the share price has risen from $5¼ on the eve of his initial appointment to $9¼ this week. Last month, Mr Steinberg underlined his renewed confidence in the group by increasing his stake in the company from 12.9 per cent to 14.8 per cent, and Mr Lowell Freiberg, one of Mr Steinberg's key lieutenants, was elected to the board.

* * *

MR WILLIAM T. GROSS is to assume temporary charge of the operations organisation of Douglas Aircraft Company, the offshoot of McDonnell Douglas, of Long Beach, California, the producer of commercial and military aircraft.

Mr Gross was recently appointed to succeed Mr Jim Worsham as president of Douglas Aircraft, on the latter's appointment as corporate vice president, aerospace group executive, of McDonnell Douglas with effect from February 2.

Change of publisher at Time flagship

TIME INC, the New York-based publishing company, has appointed Mr Robert L. Miller, publisher of Time, its flagship weekly news magazine. Mr Miller remains publisher of the magazine group.

Mr Miller, who will also continue as director of the company's lately set-up joint venture with McCall's and Working Woman magazines, succeeds Mr Richard B. Thomas, who is to become senior vice president of the magazine group as well as being responsible for the magazine group's advertising sales, and issues policy.

In addition, the company has appointed Mr Richard W. Angle, Jr — currently director of corporate manufacturing and distribution — senior vice president in charge of a new grouping, comprising the Time department responsible for production and distribution of all magazines as well as the company's circulation, Time distribution Services, subscription fulfilment and human resources operations.

The company has also announced that magazines reporting to Mr S. Christopher Meigher will now include Life, Money, Discover, and Fortune. Mr Meigher will also have responsibility in the Parenting magazine joint venture and in international administration.

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A determination to increase growth and profitability in the next decade and beyond has led to a new vacancy for a Financial Controller reporting to the Finance Director at corporate headquarters in Harrogate.

The person appointed will be expected to contribute forward looking advice on financial strategy relating to the medium and long term plans of the Board. Other important responsibilities are co-ordination of information systems, Treasury management, and acting as Group Secretary.

The attractive earnings package and exciting future prospects will appeal to a well-educated chartered accountant with experience of strategic management, I.T. systems, and Treasury controls in a multi-site public company.

Candidates up to their mid-thirties are asked to write with a full CV and day time telephone number, quoting reference 1488 to:

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Trevor Austin, Executive Selection Division
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8 St Bride Street, London EC4A 4DA

GROUP FINANCE DIRECTOR

North London c.£40,000 + car + share options

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The Company now wishes to appoint a Group Finance Director. This is a new appointment to be made at Board level and will carry overall responsibility for the accounting and financial management of the Group and for systems strategy.

Candidates must be Chartered accountants (aged up to 45), with previous experience in the financial services sector. A high degree of energy and enthusiasm is required as is the ability to contribute strategically to the continuing development of the Group.

Please write in confidence, quoting reference M6401/L, to Valerie Fairbank, Executive Selection Division.

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The accounting system has recently been converted to a computerised general ledger package run on IBM System 38 and it would be an advantage if you had some such experience. We need someone who can work on their own initiative, without supervision and who will readily be capable of standing in for the Manager. You will need good communications and interpersonal skills as well as the right sort of accounting background.

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Please write or telephone for an application form to: Paul Wildes, Management Appointments Manager, Girobank plc, Bridle Road, Bootle, Merseyside, G1R 0AA. Tel: 051-966 2487.

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Please write in confidence, enclosing career details and a recent photograph and quoting reference FMS to L.S. Miller, Managing Director. Interviews will be held in London towards the end of March.

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Key requirements include an acute ability to assess complex business situations, a well developed capacity for generating positive financial options and the personal stature to convince top management of the right course to follow. Your professional skills and approach will naturally be of the highest order.

Your impressive record of achievement – such as influencing the fortunes of a well organised, profit-conscious organisation – during about a 5-year business career will already have marked you out as our kind of person. We are looking for a high-flyer who can quickly make the sort of contribution that merits early progress within the Company or elsewhere in the international Mars Group.

For more information and an application form, call our 24-hour recorded answering service on 01-235 1535; or write briefly to Maureen Loban, Pedigree Petfoods, National Office, Waltham-on-the-Wolds, Melton Mowbray, Leicestershire LE14 4RS. Do not send a cv at this stage.

We invite applications equally from women and men.

Pedigree Petfoods

Divisional Accountant

Balfour Beatty Construction International Limited, an operating company within the BICC group of companies, is a successful British company engaged in major civil engineering and building construction on an international scale. We are now looking for a Divisional Accountant to take on the substantial responsibility of ensuring that the Company is provided with an effective accountancy service, both in the UK and overseas.

Supervising our Central Accounts Department and reporting directly to the Company Accountant, you will be responsible for executing accountancy, budgetary and administrative procedures to Company requirements, as well as monitoring contracts and units to ensure the satisfactory operation of accountancy procedures and systems.

In addition, your wide-ranging responsibilities will include the provision of accountancy services on UK expenditure to overseas contracts and units, along with the preparation of Company operating accounts, financial accounts, ancillary financial information, and of course financial information for budgets and strategic plans.

And you will also be required to monitor Company facilities, recording and progressing capital expenditure against authorisation within the Company, and assisting in the management of the Company's foreign exchange matters.

As you'll appreciate, this is a significant position within BBCIL, and offers regular overseas travel to our main operating areas.

A salary commensurate with the high level of this appointment is being offered — along with the normal large company fringe benefits package, which includes a Company car.

Please either send your CV to the following address or telephone for an application form: Mr J H Moses, Personnel Manager, Balfour Beatty Construction International Limited, Randolph House, Wellesley Road, Croydon CR9 3QD. Telephone — 01-686 0555 ext. 236.

BB Balfour Beatty
THE INTERNATIONAL ENGINEERING AND CONSTRUCTION GROUP

International Securities Settlements

ACA with Board Potential?
£30 - £35k + Car & Banking Benefits.

One of the leading International Securities Houses seeks an exceptional individual to fill a challenging role within its settlements area.

Our client is anxious that the candidate appointed should have the abilities and determination to justify promotion to Operations Director within 4-5 years.

Probably in your late 20's you should have obtained an ACA from one of the top City Firms and have had some Banking exposure during or after your training. You will probably now be at Manager level with some Banks/Stockbrokers amongst your clients.

Excellent managerial and interpersonal skills are essential requirements as well as the ability to learn about new products and their administrative requirements and communicate on an equal basis with business managers.

The remuneration and benefits package reflects the importance our client attaches to this appointment.

Please send your C.V. to James Jarratt at Tom Kerrigan Associates Ltd., 2nd Floor, 20 Wormwood Street, Bishopsgate, London EC2M 1RQ, or telephone him on 01-588 4303.

TOM KERRIGAN ASSOCIATES LTD
RECRUITMENT CONSULTANTS

Financial Analyst

c. £18k p.a. **London**

Our client is a well known and highly reputable British group engaged in the electronics industry.

This position is in a small key team at Corporate level concerned with the study and implementation of potential or actual Group wide acquisitions, disposals, investments and joint ventures. The Financial Analyst will investigate and evaluate the financial implications of these activities.

Eligible candidates will be qualified accountants, preferably graduates, aged 26-30 with good accounting knowledge and some financial and commercial analysis expertise. Excellent prospects exist for advancement within the group in the short/medium term.

Applications with full CV in strict confidence to:- Bernard L Taylor MBIM or telephone for a personal history form. Please quote ref: 6906.

MERVYN HUGHES
Mervyn Hughes International Ltd,
Management Recruitment Consultants,
37 Golden Square, London W1R 4AN. Tel: 01-434 4091

Opportunita' Di Consulenza in Italia

Il settore dei servizi finanziari si sta facendo strada – e voi?

Il settore dei servizi finanziari si trova oggi in fase di profondo cambiamento. La Coopers & Lybrand, una della più grandi società internazionali di consulenza aziendale in rapida espansione nel campo manageriale ed economico, sta avendo una sempre più crescente richiesta di assistere istituzioni finanziarie italiane a far fronte alle nuove sfide ed alle nuove opportunità.

La nostra Divisione Servizi Finanziari in Italia acquisisce una grande varietà di incarichi che vanno dalla pianificazione strategica sino alla diagnosi, la concezione strategica e la realizzazione di sistemi operativi ed informativi.

Fer far fronte a questa crescita, siamo alla ricerca di specialisti di ottimo livello nei campi della 'Corporate Banking', 'Retail Banking', della Gestione della Tesoreria e dei Cambi e dei Servizi Patrimoniali.

I candidati, preferibilmente di nazionalità italiana, dovranno avere un'età intorno ai 27-33 anni, aver maturato almeno tre anni di esperienza nel settore finanziario e possedere una laurea e, preferibilmente avere acquisito esperienze professionali qualificanti.

La remunerazione complessiva sarà attraente per coloro che avranno i requisiti richiesti; la nostra offerta è rivolta a chi intende stabilirsi in Italia.

Se volete mettere a frutto e migliorare la vostra esperienza internazionale, se siete motivati ed innovativi e volete avere l'opportunità di un lavoro creativo che sfida la vostra intelligenza e vi proponete una rapida progressione di carriera, potete inviare il vostro C.V. indicando qualifiche, mansioni svolte, età, stipendi ed un recapito telefonico (orario ufficio) a: James Adam, Coopers & Lybrand, Plumtree Court, London EC4A 4AT – Rif FT/291.

Coopers & Lybrand

Accountancy Appointments

Group Accountant

c£25,000 plus car, plus banking benefits

The TSB Group's continued development has created additional opportunities within the Head Office finance function. This has resulted in a vacancy for the position of Group Accountant based in the City.

The accountant will be responsible for statutory reporting, co-ordination of accounting policies and procedures and liaison with the supervisory authorities. The successful candidate will also carry out a wide range of special assignments which will involve regular contact with general management. The work, which will be technically demanding and stimulating, should lead to further career opportunities.

Applicants, aged around 30, must be Chartered Accountants with relevant experience at manager level in a major firm, or already working in a similar capacity at the centre of a substantial group.

Remuneration will be negotiated and will include a salary in the region of £25,000 pa, an executive car and substantial benefits including mortgage subsidy and non-contributory pension scheme.

Please reply in strict confidence quoting ref. L278 directly to:
Brian H Mason, Mason & Nurse Associates,
1 Lancaster Place, Strand,
London WC2E 7EB. Tel: 01-240 7805.

TSB GROUP

Financial Executive

Investment Group

London SW1 **from £40,000**

For an expanding private investment group with wide ranging business interests in Europe and North America.

Reporting to an Executive Director you will be a key member of the senior management team. Your responsibilities will encompass all aspects of accounting, financial control, cash management and the budgetting process. You will also be involved in a variety of 'ad hoc' projects and an early priority will be to up grade computer based management information systems. There will be some overseas travel.

Probably in your thirties or early forties, you will be a qualified accountant with good quality experience at a senior level either in the UK or overseas in organisations with a reputation for high standards. Commercial awareness, flexibility and strong communication skills are essential attributes in this close knit and highly professional organisation. Remuneration is for discussion and for the right person the potential rewards are high.

Please write in confidence to John Cameron, quoting ref. *CF739*, at 84/86 Grays Inn Road, London WC1X 8AE (telephone 01-404 5971).

CAMERON · SIMPSON
Consultancy · Search · Selection

Accountancy in Banking

City based with some overseas travel. Internal audit in a leading merchant bank

Operating around the world, our client has established four small teams based in London. They are responsible for providing a comprehensive Internal and Management Audit service at Board level. This entails carrying out an independent assessment of management information and control systems and making recommendations to improve their effectiveness. Special assignments based on Internal Audit work ensure that the emphasis is on consultancy, not solely control. We are now looking for two additional people.

TEAM LEADER – Chartered Accountant

to £20,000 plus benefits

The successful candidate will carry out a variety of special assignments as well as supervising routine Internal Audit work. Applicants must be qualified Chartered Accountants with a sound technical background and good communications skills. *(Ref. 689)*

ASSISTANT AUDIT SENIOR

c £14,000 plus benefits

The post is for a number two in a team dealing with correspondent banking and credit control. Applicants should have two years experience, either in an accountancy firm, up to PE I standards; or in internal audit within a financial institution. *(Ref. 690)*

For either post previous experience in banking or a financial services environment would be an advantage. A flexible nature is essential as the posts will provide some opportunities for overseas travel. Our client a leading British Merchant Bank, is in the *forefront of the rapidly expanding international financial markets. Their growth will provide excellent opportunities for long* term career development as the department increases both in size and scope of work.

For more information about these vacancies and to arrange an initial interview please telephone **John Pitt on 01-608 0488** *or send a full c.v. to our London office at the address below.*

John Hacker associates LIMITED

LONDON: Charterhouse Chambers, 18-21 Charterhouse Square, London EC1M 6AH Tel: (01) 608/0488/LEEDS: Yorkshire House, Greek Street, Leeds, West Yorkshire LS1 5RW. Tel: (0532) 456 762

Qualified Accountants

Your entry into the World of Banking

Birmingham
Circa £17,000 + bonus + benefits

Internal promotion has led to Lloyds Bank seeking to recruit an exceptional accountant to fill the position of Manager, Financial Reporting within its International Operations Centre based in Birmingham.

Reporting to the Manager, *Financial* Control, you will be responsible for producing accurate and timely financial and management accounts in respect *of business processed through the* Centre. Specific responsibilities will *include enhancing, developing and* implementing management information *and financial systems, the supervision* and review of statutory and non-statutory reports and the management of a staff of eight involved with the section's work.

The successful applicant will be a qualified accountant aged *26+* with a minimum of 2 years post qualifying experience, possessing a sound appreciation of both management and *financial accounting procedures and* practices, preferably gained within an *industrial and/or commercial* environment. You should also have *experience of developing computerised* accounting systems and costing *methods.* As this position involves the supervision of a small department, it is anticipated that potential candidates will possess some man management experience.

A competitive salary and excellent *fringe benefits package will be offered.*

Candidates, male or female, should write *enclosing full career and salary* details quoting reference MCS/8704. *to Stephen Bailey,*
Executive Selection Division
Price Waterhouse
Management Consultants
Livery House
169 Edmund Street
Birmingham B3 2JB

Lloyds Bank

Price Waterhouse

IFF UNITED

CHIEF ACCOUNTANT

Challenging new role in International Container Transport

Ipswich **up to £18,000 + car**

International Ferry Freight Limited is a market leader and part of the *United Transport Group which is a wholly owned subsidiary of BET.* Utilising its fleet of specialised containers and its own shipping services, IFF offers a totally integrated door-to-door service within Europe.

A new appointment, that of Chief Accountant, is now to be made in this fast growing and highly successful company. As a key member of the management team, you will be responsible to the Financial Director for the management and leadership of the accounts function, the control of the *company's assets and the development of both the staff and* systems, including the computerised accounting system. You will also deal with statutory accounts and returns, *monthly management information* and budgetary control.

You should be a qualified *accountant, preferably aged 25-35 and* ideally with experience in the transport, shipping or service industry.

Excellent career prospects are available within the Group and attractive benefits include a company car, BUPA and relocation assistance.

Please write with full CV, including salary and daytime telephone number: John Staplehurst, Financial Director, International Ferry Freight Limited, Hyde Park House, 3 Crown Street, Ipswich, Suffolk, IP1 3LF. Tel: 0473 212400.

MANAGEMENT INFORMATION SERVICES

Salary £20,000 + Bonus + Benefits

NEWLY/RECENTLY QUALIFIED **COMMODITY TRADING**

OUR CLIENT is an International Group with substantial capital backing, trading crude oil and oil products, metals, minerals and soft commodities together with a wide range of trade backed financial services.

THIS ROLE offers excellent personal career potential and *the opportunity to make a* significant contribution to the development of a mature and resilient computerised system, to meet both the Trading and Operational requirements of the company's expanding activities. This will entail working closely with users from all areas of the company in order to review and determine their requirements, to produce detailed business specifications and *co-ordinate the subsequent implementation. Responsibilities will also include procedural* reviews of current controls and reporting policies and the implementation of recommendations.

CANDIDATES will be young ambitious Chartered Accountants (or equivalent) able to display a high level of broad based analytical and conceptual ability and with some previous systems experience within the Financial Services Sector. They will have strong interpersonal and communicative skills, able to function well within a team environment and be influential *in dealings at all levels.* Future career prospects are excellent. This organisation is dedicated to the recognition and reward of achievement.

For further information please write enclosing full C.V. or telephone Martin Krajewski

FIRTH ROSS MARTIN ASSOCIATES: WARDGATE HOUSE, 59A LONDON WALL, LONDON EC2M 5TP. TELEPHONE 01-628 2441

Firth Ross Martin

HEAD OF FINANCE

LEWIS SILKIN

Central London **c.£20,000**

OUR CLIENT is a well respected firm of solicitors whose practice has expanded rapidly in recent years and who now need to appoint a senior accountant to head up their accounting and *financial functions.*

THE ROLE is to manage a small accounts department and control the financial affairs of the partnership. This will include providing financial and management information on a regular basis, systems development, financial *planning* and budgeting.

THE REQUIREMENT is for a qualified accountant. Experience of solicitors' practices would be an advantage but is not essential.

THE REMUNERATION PACKAGE is flexible and will be based on a salary of about £20,000.

Please reply in complete confidence and enclosing a CV to the Managing Director quoting Ref 151A

Tanstead Associates Ltd

Executive Search & Selection
West End House, 11 Hills Place, London W1R 1AG

a member of the Tanstead Professional Group

Company Accountant/Secretary

South Bucks To £20,000 + Car

Senior Management Position

A privately-owned, medium-sized manufacturing Company is seeking
A privately-owned, medium-sized manufacturing Company is seeking a Company Accountant/Secretary due to the retirement of the current jobholder. This is the top financial position involving preparation of annual budgets, monthly management figures and the control of the overall corporate accounting operation plus the administration of the personnel, company secretarial and computer aspects of the Company.

This key position calls for a person with an eye for detail who wishes to become involved in the dayl-to-day functioning of a highly customer-orientated Company, much of whose output is exported.

The Company is looking for ran accountant (preferably Cost and Management) with a sound industrial background, including some company secretarial exposure. Experience of a computerised accounts department is essential.
The Company operates a profit-sharing scheme and gives five weeks' annual holiday. Relocation assistance available, if necessary.

Please send full curricuum vitaes to:

SARAH WOOD

Henley Recruitment

3 The Chestnuts, Lower Shiplake, Near Henley-on-Thames, Oxon RG9 3JZ.
Telephone: Wargrave (073 522) 3118

Group Finance Director

West End **Salary c.£30k+car+benefits**

Our client, an emerging yet profitable Group of Companies engaged in property investment and dealing, has recently undergone a major management reorganisation and has now identified the need to strengthen their financial expertise by the appointment of a Group Finance Director.

Reporting to the Chief Executive Officer, you will be responsible for the financial control of the Group, preparing statutory accounts and monitoring performance through monthly accounts and management information. Cash forecasting and treasury control *is an important element of this post. The ability to work* under pressure in this fast moving and demanding organisation is essential.

Candidates, likely to be aged between 28-35 years of age, will be Chartered Accountants who can demonstrate a progressive track record gained both in the profession and in a dynamic commercial environment. Experience of computer systems and financial modelling would be an advantage, as would an active and established interface with the City.

If you meet these demanding criteria, you should send a detailed CV, including current salary, to Don Day FCA, quoting *reference LM37 at Spicer and Pegler Associates, Executive Selection, Friary Court, 65* Crutched Friars, London EC3N 2NP.

Spicer and Pegler Associates
Management Services

FINANCIAL ACCOUNTANT

c.£18,000 + excellent benefits

An opportunity has arisen to join the financial management *team of this world-famous department store.* This is an ideal move for a recently-qualified accountant who wants to gain experience in a large and progressive commercial environment. Based at Selfridges, the position also offers exposure to the financial discipline of our £2 billion parent group, Sears plc.

The brief will include responsibility for all aspects of financial accounting including control of capital expenditure budgets, cash *flow reports and forecasts, statutory accounts, and corporation tax* returns.

An ACA or ACCA, you should have commercial experience in a relevant environment and possess a knowledge of taxation.

In addition to salary, there is a valuable package of management benefits, including BUPA and staff discount. Prospects for career development and promotion are excellent.

Please write, with full cv including salary details, to:
Rosemary Martin, Personnel Manager, Selfridges Limited,
400 Oxford Street, London W1A 1AB. Or telephone
01-629 1234 ext. 2304 for an application form.

Selfridges
THERE'S NO PLACE LIKE IT.

Accountancy Appointments

Royal Mail Letters
Audit Manager

c£28,000 + Bonus + Car. Chesterfield

This is a new post arising within the newly re-organised Post Office

As Letters Business 'Chief Auditor' reporting to the Letters Director, you will have wide level exposure throughout the organisation. Specifically, you will take responsibility for the direction and development of the Letters Business internal audit nationally, through plans and programmes implemented by four territorial teams, and also for the direct management of a small specialised Headquarters audit team.

Principal tasks will include:

- development of Audit policy in liaison with the Corporate Chief Auditor
- preparation of audit plans, and organisation and control of programmes
- the leadership of major audits and special assignment
- development of new procedures especially in computer audit

To apply you should be between 35-45 years of age and have the following qualifications:

- CIPFA, ICA, ICMA or ACCA
- Wide ranging audit experience preferably with a large public or private sector organisation
- Good communication and presentational skills
- High level of inter-personnel, management and motivational skills

A competitive salary of up to £28,000 is offered together with a valuable benefits package including company car, pension scheme, performance linked bonus, private medical insurance and 5 weeks holiday. Relocation assistance is available where appropriate.

Please write with full personal and career details to Martin Gibson, Room 536, Post Office Headquarters, 33 Grosvenor Place, LONDON SW1X 1PX. Telephone 01-245 7083. Closing date for applications is 13th February 1987.

The Post Office is an equal opportunities employer. The policy extends equally to disabled applicants.

The Post Office

Our business is your future

GROUP FINANCE DIRECTOR

West End **£25,000 Package**

OUR CLIENT is an expanding manufacturer and distributor of fashionwear with autonomous subsidiary companies in the United Kingdom.

THE REQUIREMENT is for a Chartered Accountant who will work closely at group level with the Chairman and Managing Director at the Group's small Head Office near Oxford Circus.

THE ROLE calls for a mature business approach to financial and accounting matters within the Group and the ability and tactful drive to develop an effective group function. The flexibility to handle all aspects of the Head Office's own accounting and administration is essential.

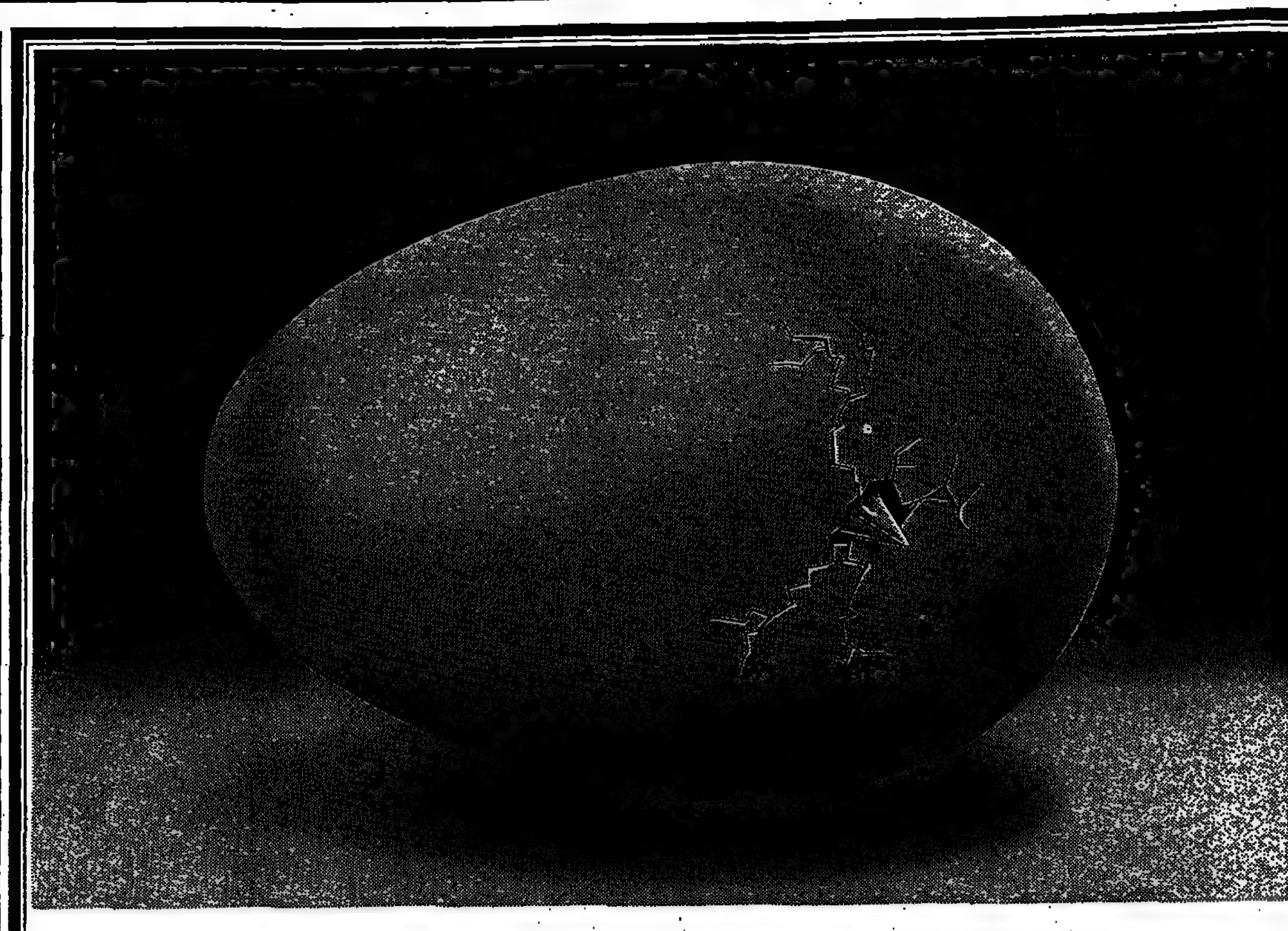
THE REMUNERATION PACKAGE for this Board appointment will be about £25,000.

Please reply in complete confidence enclosing a CV and quoting Ref 152A to the Managing Director

Tanstead Associates Ltd

Executive Search & Selection
West End House, 11 Hills Place, London W1R 1AG

a member of the Tanstead Professional Group



Things could really start coming to life after Big Bang.

Price Waterhouse management consultants have been deeply involved in assisting firms in the financial sector to prepare for Big Bang. Now we are responding to heavy demands for assistance in the increasingly competitive aftermath.

If you are a qualified accountant aged between 27 and 35, able to demonstrate a good track record in banking or financial services and you are looking for a different direction in your career, take a good look at Price Waterhouse.

Management consultancy with us could be just the challenge – and the change – you need.

Our services in this sector address the key areas where financial institutions require practical advice and support in managing change, in meeting immediate needs as well as the strategic challenges for the future.

The nature of our work is varied, complex and intellectually demanding and we are now seeking high calibre accountants to augment our well established specialist team of professionals, which services the UK and wider European market.

Our requirements are for a thorough understanding and proven capability, in one or more of the following areas:

- Risk management, including detailed knowledge of lending, securities and related instruments, such as eurobonds, equities, gilts, futures, options and swaps.
- Treasury management, including funding, liquidity management, cash flow forecasting and transfer pricing.
- Financial control, including profitability measurement and reporting systems development.
- Front office and back office dealing and control systems design and implementation.

If you are interested in a career as a management consultant, offering a substantial remuneration package and the opportunity for rapid career progression based on merit, here's your next move:

Simply write in confidence, with relevant information, (quoting MCS 8426) to Michele Deverall at **Price Waterhouse, Management Consultants, No. 1 London Bridge, London SE1 9QL.**

Price Waterhouse

FINANCE DIRECTOR

c£30k + Bonus Age 30 +

The Hawley Group continues to grow rapidly both organically and through acquisition. The recent merging of the Pritchard Group with Hawley's existing service businesses has generated an opportunity in a major subsidiary company which operates nationally and is now a market leader in its field.

The business depends critically for its success on an efficient systems-based finance function which provides information and controls for 120 profit centres, 10,000 customers and 30,000 employees. The merger has created a substantial base for more organic growth, and Hawley allows plenty of scope for entrepreneurial flair, so this is an exciting opportunity for career development.

Candidates should be qualified Accountants with some commercial experience, including people management and computer-based systems. The location is London, and the package includes basic salary of around £30k plus significant bonus, car etc.

HAWLEY · GROUP · PLC ·

Please write to:
A. W. May, Hawley Group Plc,
Prospect House, The Broadway,
Farnham Common, Slough, Berks SL2 3PQ.

APPOINTMENTS ADVERTISING
£43 per single column centimetre
Premium positions will be charged £52 per single column centimetre
Jane Liversidge 01-248 5205 Daniel Berry 01-248 4782
For further information call:
Emma Cox 01-236 3769

Manager UK Tax
c. £25,000 + Bonus + Car

International Computers Limited, Europe's leading computer company requires a Tax Specialist who will be responsible to the Manager, Worldwide Tax and based at the corporate Headquarters in Putney, London.

Initially, responsibilities will cover all aspects of U.K. compliance including planning, forecasting and advising management on U.K. related corporate tax issues.

Applicants for this number two position will typically have an Honours Degree plus ACA or ATII and at least five years broadly based post qualification corporate tax experience.

Preferred candidates will be aged around 30-35 and will currently hold a senior position within either a medium to large commercial/industrial company or the profession.

An ability to communicate effectively with senior management, external advisors and fiscal contacts is essential.

The job holder will become progressively involved in the international affairs of the ICL Group.

Salary will be in the region of £25,000. In addition, a Management Bonus will be payable. Other benefits include a company car and private medical insurance.

Please send details to Elizabeth Crowson, ICL, ICL House, 1 Putney High Street, London SW15 1SW, or telephone 01-788 7272 ext. 2336.

We should be talking to each other. ICL

A MEMBER OF THE STC PLC GROUP

Hoggett Bowers
Executive Search and Selection Consultants
BIRMINGHAM, BRISTOL, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, SHEFFIELD and WINDSOR

Company Secretary
Qualified Lawyer
Yorkshire plc, c £25,000, Car, Bonus, Share Options

This vacancy has arisen due to the retirement in 1987 of the present incumbent. The plc, engaged in manufacturing and distribution is fully quoted and the importance of the position can be gauged by the fact that the reporting line is direct to the Chairman. The Company Secretary will have responsibility for meetings, members, contracts, all legal matters, share capital, budgets, salaries, group insurances, trade marks and pensions. In addition, the successful candidate will become involved in acquisitions, be expected to keep up with fast changing legislation, take some legal decisions and be expected to contribute at senior management level. Candidates will be young (mid 30s), qualified lawyers with company secretarial experience ideally in a public company and have some financial ability. They must be able to fit in to a team which operates in a friendly, open style, have an outgoing personality and career ambitions.
J.R. Featherstone, **Hoggett Bowers plc**, *7 Lisbon Square*, **LEEDS**, *LS1 4LZ*, **0532 448661**. *Ref: 12358/FT*

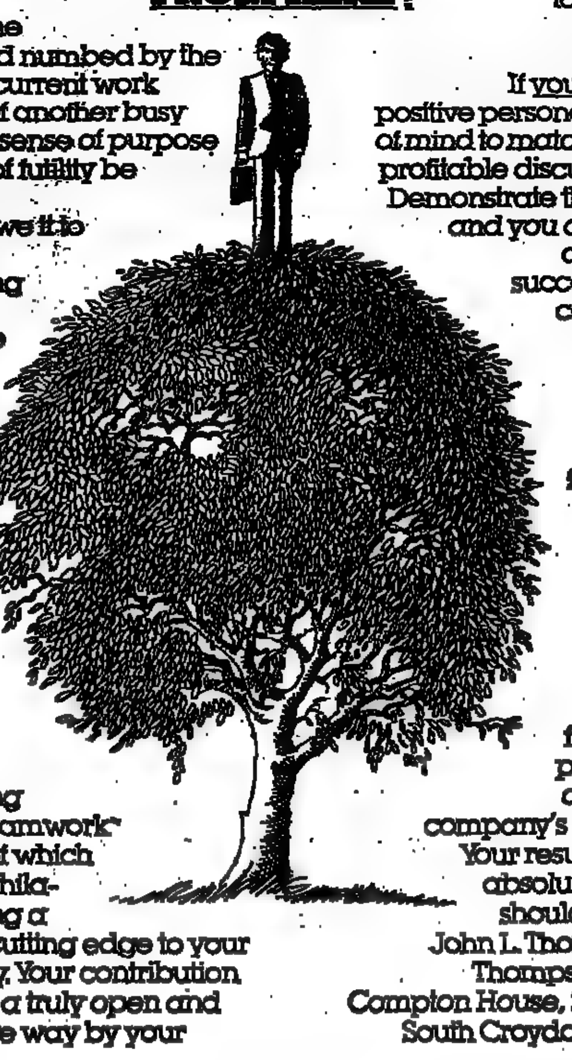
Management Accountant
Excellent Future Prospects
South Yorkshire, To £16,000

This prestigious autonomous subsidiary of a major international group offers the metal forming industries a worldwide engineering and construction expertise. Further development of the manufacturing systems is required to provide the vital link between finance and manufacturing managers, thus creating this new opportunity for a qualified accountant. Candidates, aged 28/35 with an engineering manufacturing background, must have sound knowledge of management information systems and ideally of contract costing and control. Reporting directly to the Chief Accountant, as a key member of the manufacturing team, prime responsibilities will be systems development and contract cost control. Excellent communication skills, flair and a positive approach are all essential personal characteristics. Future career prospects and benefits are excellent.
A. Hill, **Hoggett Bowers plc**, *Bank House, 100 Queen Street*, **SHEFFIELD**, *S1 2DW*, **0742 731241**. *Ref: 52930/FT*

These positions are open to male or female candidates. Please telephone for a Personal History Form to the relevant office, quoting the appropriate reference.

Accountancy Appointments

WHERE DO YOU GO FROM HERE?



Now you've arrived at the top of your profession, are you sitting pretty? Or are you wondering where the challenge suddenly went?

Are you one of those restless, energetic minds now shackled by routine administration and numbed by the repetition of your current work load? At the end of another busy day, do you feel a sense of purpose or would a sense of futility be nearer the mark?

Clearly, you owe it to yourself and your future to take a long hard look at the constant challenge and diversity of **Management Consultancy.**

Isolation at the top of your particular tree can be a cold and lonely spot. Conversely, commercial problem solving with one of the major international consultancies, is everything but. It's all about teamwork – the very nature of which will extend and exhilarate you – providing a broader, sharper cutting edge to your business capability. Your contribution will be adopted in a truly open and critically supportive way by your intellectual equals.

Your clients will range from small to multinational businesses and the public sector. You will range from 28-35, with a good first degree (perhaps an MBA) and an appropriate professional qualification in finance, treasury, accountancy, economics, IT and/or project management.

If you have a confident, positive personality with the agility of mind to match, an informal and profitable discussion could follow. Demonstrate those qualities to us and you could be trained to achieve a uniquely successful career in the company's London, or Leeds offices.

The financial package is negotiable to around the **£35,000** level, plus car and usual large company benefits. Partnership should be your target within 3 to 4 years.

Where do you go from here? Initially, please write to us in our capacity as the company's selection advisers. Your resumé can be sent in absolute confidence and should be addressed to: John L. Thompson, (Ref. 1131), Thompson Associates Ltd., Compton House, 20a Selsdon Road, South Croydon, Surrey CR2 6PA.

T.A.L.
THOMPSON ASSOCIATES LTD
London: Amsterdam: Dusseldorf: Goteborg

Group Financial Director Designate

Based London — **to £35,000 + bonus + car + share options**

Our client, a major provider of card based corporate billing and information systems is seeking to recruit a Financial Director Designate.

With a turnover in excess of £100m the company has successfully completed its initial development phase and is looking for a Chartered Accountant to fill a key role in guiding it towards a stock market flotation.

In addition to providing the routine management and financial accounts, you will be expected to make a significant contribution to the commercial management of the business, evaluate potential acquisitions and maintain and develop senior level contacts within the city. Approximately 25% of your time will be spent at the company's major operations headquarters in Wiltshire.

The successful candidate will be aged 30-40 with at least 7 years' post qualification experience of which a significant proportion will have been spent in either a commercial environment or in a financial institution.

However, above all, you will be self-motivated, ambitious and capable of performing to the highest standards, with an appetite for long hours and hard work. The rewards for success will be exceptional including equity participation.

Interested candidates who meet these demanding requirements should write, enclosing a comprehensive curriculum vitae and daytime telephone number, quoting ref. 380 to
Philip Rice MA, ACMA, Executive Division,
at 39-41 Parker Street,
London WC2B 5LH.

MP
Michael Page Partnership
International Recruitment Consultants
London Windsor Bristol Birmingham Nottingham *Manchester Leeds Glasgow & Worldwide*
A member of Addison Consultancy Group PLC

Financial Director

Europe

Herts — **c. £30,000 + bonus + car**

This very successful international company is seeking an able, creative accountant to head the corporate finance function of its European Region with operations throughout Europe, and in the Middle East and Africa. Part of a diversified Canadian group, the company markets its speciality chemicals to a variety of industry sectors worldwide. Turnover approaches £300m, of which nearly half is generated by the Region. The Financial Director, Europe, will join the small headquarters team and work closely with the European Chief Executive in maximising the profitability of existing operations and guiding their development by acquisition and growth. Close links will be maintained with the parent company in Canada and frequent visits to the operating subsidiaries will be necessary. Candidates, aged in their 30s and with a professional qualification, must have proven experience of managing corporate finance in an international context. Communication skills and a knowledge of computer systems will be essential and a second European language, preferably French, a distinct advantage. Salary is negotiable and the excellent benefits package includes a car and profit-related incentive bonus.

Please write with brief cv, in confidence, *to Peter Greenaway, Ref: 1257/PJG/FT.*

PA
PA Personnel Services

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Accountancy Appointments Europe

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Thursday January 29 1987

Du Pont boosted 38% by chemicals advance

BY ANATOLE KALETSKY IN NEW YORK

DU PONT, the large US chemical and energy company, increased net earnings substantially and doubled operating profits in its chemicals business in 1986, highlighting the rapid improvement in the fortunes of US chemical makers as a result of the declining dollar.

Du Pont's net earnings last year rose 38 per cent to $1.54bn, or $6.35 a share, compared with $1.12bn, or $4.61 in 1985. The 1986 results were boosted by a net gain of 11 cents a share from sales of businesses offset by losses from restructurings and the cancellation of tax credits.

The 1985 figures had been reduced by 58 cents a share in non-recurring charges. Allowing for these special items, the growth of net earnings was only 28 per cent.

In the fourth quarter of 1986, Du Pont's net income fell 11 per cent to $335m, or $1.38 a share, from $377m, or $1.56, the year before. However, the fourth-quarter 1985 results included 26 cents per share of non-recurring benefits. Sales fell from $7.6bn to $6.7bn.

There was a wide divergence last year between the prosperity of the company's chemicals operations, which accounted for 58 per cent of Du Pont's $27.1bn of revenues, and the problem of the energy division which has made up nearly half of Du Pont's business since the acquisition of Conoco in 1981.

After-tax operating income from the chemical and speciality products divisions more than doubled, reflecting improvements in many businesses, the company said, especially fibres, speciality polymers and white and white pigments.

Results benefited from "improved margins, reflecting the weaker dollar, ongoing cost reduction programmes and business restructuring as well as lower energy and feedstock costs," Du Pont said.

Total worldwide chemicals sales increased by 56 per cent to $15.8bn. Volume was up 1 per cent and average selling prices increased by 4 per cent, largely as a result of the weaker dollar. US domestic prices fell 1 per cent.

After-tax operating income of the energy businesses fell 34 per cent mainly as a result of sharply lower crude oil prices.

Henley buys Allied-Signal stake

BY WILLIAM HALL IN NEW YORK

ALLIED-SIGNAL, the US industrial conglomerate, has severed most of its financial ties with the Henley Group, a collection of former subsidiaries, which was spun off as a public company last May in the biggest initial public offering in Wall Street history.

Henley yesterday purchased 19.5m shares of convertible preferred stock, representing 15.6 per cent of its 129m fully diluted shares, at $23.875 per share or $465m. The price was based on the closing Henley share price on January 15.

In addition, Allied-Signal and Henley modified several support agreements between the two companies and Henley has agreed to pay $65m for these modifications. Henley shares rose $⅜ to $23¾ in early trading yesterday.

Henley's decision to repurchase Allied-Signal's stake marks another milestone in one of the more successful corporate restructurings of 1986. Allied-Signal decided to spin off 35 of its "non-core operations" into a single company, headed by Mr Michael Dingman, Allied's former president, rather than sell the companies piecemeal.

The companies were marginally profitable at best, and Allied was anxious to avoid the operational disruptions, management time and personnel unrest associated with one-off disposals.

Mr Ed Hennessy, Allied-Signal's Chairman said: "These agreements will provide Allied-Signal with an additional $530m in cash and is another step in sharpening its focus on high-technology businesses". He said that with the latest transaction Allied-Signal and its shareholders will have received $1.9bn from the Henley spin off which "far exceeds what we realistically could have expected through the piecemeal sale of these businesses.

Mr Hennessy has described Mr Dingman, his former heir apparent, as a man "with a long record of success in restructuring asset-oriented businesses and making them grow".

Although Allied has sold all of its shares in Henley, and Mr Hennessy has stepped down from its board, the two companies continue to retain some ties. Among the modifications in the support agreements between the two companies is one concerning credit support for waste-to-energy projects being developed by Wheelabrator technologies.

One of Henley's key strategies is to spinoff to its own shareholders, thereby realising values which might be hidden in the group as a whole.

Elf income dips 19% after lower oil prices

By Paul Betts in Paris

ELF AQUITAINE, the French state-controlled oil group, has reported a 19 per cent decline in consolidated net earnings last year to FFr 4.3bn ($716.6m) from FFr 5.3bn the year before.

Mr Michel Pecqueur, the chairman of Elf, blamed the earnings decline on the difficult international environment for oil companies and lower oil prices. Elf's consolidated sales also fell sharply to FFr 115bn last year from FFr 180.7bn in 1985.

The French oil company again criticised the exceptional tax of French oil production which cost Elf FFr 1bn last year.

Elf's cash flow also declined last year to FFr 17bn from FFr 19.7bn in 1985. Despite these falls, Mr Pecqueur said he was "satisfied" with the results in view of the difficult circumstances in which the group had to operate.

Elf's upstream earnings declined about FFr 5.5bn compared with the year before while downstream earnings rose about FFr 2.5bn. Elf's chemical subsidiary, Atochem, managed to report earnings of FFr 300m including a FFr 350m accounting charge on stocks. The Sanofi pharmaceutical and health care subsidiary is expected to report profits of about FFr 450m.

Texasgulf, Elf's US phosphate subsidiary, managed to show a small profit despite the continued slump in the US agricultural market. M&T, the company's US fine-chemicals subsidiary, is expected to show profits of $18m for 1986.

Elf again expects to reduce its exploration budget this year to FFr 3bn from FFr 4bn last year and FFr 6.1bn in 1985. Total investments declined to about FFr 14.5bn last year compared with FFr 20.8bn the year before.

Mr Pecqueur indicated that Elf continued to watch possible selective acquisition opportunities. However, he claimed that there were no negotiations at present involving the possible acquisition of a stake by Elf in Roussel-Uclaf, the French pharmaceutical group 54.5 per cent controlled by Hoechst of West Germany.

The French Government owns a 40 per cent stake in Roussel-Uclaf and there is speculation that Sanofi, the Elf health-care subsidiary, and Rhône Poulenc, the nationalised chemical group, are interested in acquiring part of the state's shareholding in the West German group.

Mr Pecqueur confirmed, however, that Elf's Atochem chemicals subsidiary was close to an agreement with Atlantic Richfield (Arco) to acquire the US group's polystyrene facilities in Spain. In turn, Atochem plans to sell to Arco its polyols business in Belgium. The deal with Arco is the latest in a series of international agreements negotiated by Atochem to rationalise its chemicals operations. Atochem has already reached industrial rationalisation deals with ICI and BP Chemicals.

ITALIAN STATE GROUP HOPES TO REGAIN MANAGEMENT POSITION

IRI acts on Mediobanca control

BY JOHN WYLES IN ROME

Prof Romano Prodi, IRI chairman: clipping establishment wings

IRI, the Italian state holding company, has launched its bid to regain managerial control of Mediobanca, the country's powerful merchant bank.

The three IRI-controlled banks which hold 56 per cent of Mediobanca's shares have given notice to the private shareholders that the merchant bank's controlling syndicate will not be renewed later this year.

The private group, which includes Pirelli, Fiat, Generali and Lazard Freres, has until now enjoyed equal voting rights on the syndicate although it only owns 6 per cent of Mediobanca equity.

At the same time, the banks – Banca Commerciale, Banco di Roma and Credito Italiano – have also formally turned down the proposal from the private group led by Mr Leopoldo Pirelli to increase its members' shareholding to 12 per cent.

These moves have plunged into uncertainty both the future ownership and management of Mediobanca. They are, however, in line with the position taken last month by Prof Romano Prodi, the IRI chairman.

When the three state banks showed signs of entertaining the Pirelli proposal he said that there was no question of the private shareholders being able to retain a totally disproportionate voting share.

Prof Prodi favoured a reduction in the state's shareholding but he said that voting rights on the control syndicate should reflect the relative weight of ownership.

Clearly, the Pirelli group will have to decide whether to recast its proposal so as to satisfy this criterion. The letter from the managing directors of the IRI banks does not, however, invite them to do so.

Although the banks are nominally autonomous in the matter, their move to dissolve the control syndicate will be seen as an assertion of Prof Prodi's authority. For decades. Mediobanca has been governed by its reticent 79-year-old director Mr Enrico Cuccia in conjunction with leaders of the "old" Italian business establishment such as the Agnellis and the Pirellis.

Prop Prodi seems determined to bring the "Cuccia era" to an end this year by appointing new senior managers and clipping the wings of the old establishment.

American Can again moves strongly ahead

BY WILLIAM HALL IN NEW YORK

AMERICAN CAN, which is pondering what to call itself now that it is out of the can business and in the glamorous financial services industry, increased its 1986 net income before non-reccuring items by 25 per cent to $184.6m, or $6 a share, and says it will make a $33m net profit on the sale of its southern US timberlands in the current quarter.

Mr Jerry Tsai, American Can's newly elected chairman who has been largely responsible for the radical transformation of one of the pillars of the Dow Jones industrial average, says that 1986 was "the fourth consecutive year of significant operating improvements in the company's ongoing businesses, reflecting the successful diversification strategy initiated in 1981."

In early trading yesterday, American Can shares rose $1½ to a new peak of $98. This reflected Wall Street's enthusiasm for the group which celebrated Mr Tsai's elevation to the chairman's office this week by announcing a 10 per cent dividend increase and a two-for-one stock split.

The 86-year-old company, once cited as one of the five corporations most influential in building American industrial power along with Food, General Electric, AT&T and RCA, said financial services accounted for about 70 per cent of the profits from its ongoing businesses in 1986. The group sold the last of its packaging operations on November 7, resulting in an after-tax gain of 10 cents a share.

"We are a recognised leader in underwriting individual life and credit insurance, managing mutual funds and pension assets, as well as originating home-mortgage loans," said Mr Tsai. He added that "performance was very strong across all major product lines." The group's growing financial empire, which includes equity stakes in firms ranging from Jefferies & Co to Kleinwort Benson, increased its earnings 30 per cent last year.

Borg-Warner declines to $52.5m in quarter

BY OUR NEW YORK STAFF

BORG-WARNER, the Chicago-based manufacturer of car components, chemicals and plastics which has been under seige by corporate raiders, reported a 18 per cent decline in net earnings to $52.5m, or 61 cents a share, in the last quarter of 1986, compared with $62.7m, or 71 cents, the year before.

For 1986 as a whole, the company's profits increased 15.5 per cent to $206.1m, or $2.35 a share, from $178.5m, or $2.01, but the final quarter result was slightly lower than market expectations.

The favourable full-year comparison with 1985 is partly due to a $56m charge which the company suffered in the second quarter of 1985 as a result of agricultural loans made by its financial arm, Borg-Warner Acceptance.

Excluding the effects of this charge, Borg-Warner's annual profits would have been flat for three years running. In 1984 its net profits were $206.1m, the same as in 1986.

Sales increased 8.8 per cent to $3.62bn in 1986 and rose 6 per cent in the fourth quarter to $913m.

Borg-Warner attributed the fall in its fourth-quarter profits to warranty claims and new product start-ups in its automotive division, which generated 33 per cent of the company's total revenues in 1985.

The protective services group, the company's second largest division with 30 per cent of revenues in 1985, also suffered a setback "due primarily to costs associated with a revamping of the fire detection business."

The chemicals group, which manufactures durable engineering plastics, turned in a record performance in 1986, the company said. This business is considered the main prize being sought by Mr Samuel Heyman of the chemical company GAF.

Borg-Warner said there was also strong profit growth in financial services and industrial products.

Advance in earnings at Philip Morris

By Our New York Staff

PHILIP MORRIS, the US's largest consumer products company, yesterday reported a powerful advance in earnings for the fourth quarter and full year 1986, helped by strong performances in its tobacco and beer divisions and by progress at its new General Foods subsidiary.

Earnings in the fourth quarter rose 31.2 per cent to $371m or $1.56 a share on slightly fewer outstanding shares, with consolidated revenues up 23.7 per cent to $6.55bn.

The 1986 quarter figures include three months of General Foods rather than two months in the 1985 quarter. General Foods was bought for $5.75bn last year and consolidated from November, 1985.

Earnings for the year, which include a full contribution from General Foods for the first time, rose 17.7 per cent to $1.48bn, or $6.28 a share, on a 59.2 per cent rise in operating revenues to $25.4bn. Without General Foods, sales growth was about 10 per cent.

Mr Hamish Maxwell, chairman and chief executive said the tobacco divisions, both domestic and international, had a "gain in market share, revenues and operating income in 1986, with over 15 per cent increases in operating income.

Assisted by the weakness of the dollar, Philip Morris International increased operating revenues by 41.2 per cent but the improvement to earnings was hampered by heavy marketing. Operating income at Miller Brewing rose 16.7 per cent in the year to $158m and the company increased its US market share.

General Foods' operating income rose a slower 7.2 per cent to $740m, with a small decline in volume caused by shortages of coffee beans in the US and an ensuing sharp rise in retail prices.

Bethlehem Steel ends year back in the black

BY JAMES BUCHAN IN NEW YORK

BETHLEHEM STEEL, the struggling US steelmaker, returned to net profit in the fourth quarter of last year and expects to break even, at least at the operating level, in the current quarter.

Bethlehem, which is the third largest steelmaker in the US, reported net profits for the fourth quarter of $34.2m, or 55 cents a share, against a loss of $77.5m in the last quarter of 1985. However the fourth-quarter result included a $31m gain from asset disposals and inventory liquidations while the 1985 figure included a non-recurring pre-tax charge of $65m against mill closures.

The improved last-quarter result, which was helped by a strike at a major competitor, USX, which ended last week, kept the loss for the year to $152.7m as against $196m in 1985. The full-year special gains were $66m while the 1985 pre-tax charge for plant closures was $100m.

Sales revenues were down sharply in both the quarter and the full year, by 21 per cent to $1.02bn and 15 per cent to $4.33bn. Bethlehem expects market conditions to remain soft but believes 1986 steel prices will hold, because of a shrinkage in domestic capacity and a weaker dollar.

Bethlehem said the fourth quarter results reflected cost benefits from its two new continuous casters as well as productivity improvements at all steel plants except Steelton, which continued to operate at very low rates

The company said the basic steel segment had pre-tax income from operations in the fourth quarter of $73m, compared with a $48m loss a year before.

Matra may buy into GCA

BY GEORGE GRAHAM IN PARIS

MATRA, the French electronics and defence group, is expected to take a stake in GCA, the troubled US manufacturer of semi-conductor production equipment.

GCA, the major US producer of wafer steppers – essential for aligning silicon chips on the production line – is currently engaged in a $54m restructuring programme which will bring in Sumitomo.

The US company already has a loss-making joint venture with Matra in France – Matra GCA. As part of the restructuring of the group Matra is expected to trade its 50 per cent stake in the joint venture for a direct holding in GCA.

In the electronic components business itself, Matra is also expected to restructure its interests. Other shareholders are likely to be introduced into Matra Harris, the integrated circuit producer in which the French company now holds a 55 per cent stake.

Matra has focused its electronics components activities on Matra Harris, giving up control last year of the printed circuit producer Comelim to Hadco of the US, and this month selling LTI Stratifies, which produces layered printed circuits, to Sweden's Perstorp.

Harris has recently reduced its stake in the joint venture, and Matra is expected to keep its controlling 55 per cent stake, bringing in other investors to help finance the company's development.

Siemens hit by fall in group profits

By Andrew Fisher in Frankfurt

SIEMENS, the West German electronics and telecommunications group, yesterday announced a slight decline in group profits from DM 1.53bn to DM 1.47bn ($825m) in the 1985-86 financial year.

The Munich-based company, which will release full details of last year's performance next week, did not elaborate on the profits decline, though analysts said it was more or less in line with expectations.

Siemens said in November that it was paying an unchanged DM 12 dividend for the year to September 30, 1986. It ascribed its 14 per cent drop in sales to DM 47.1bn mostly to order fluctuations on the nuclear power plant market.

The company's share price fell by a further DM 21 on the Frankfurt bourse yesterday to close at DM 657, having declined in previous days along with the rest of the market which has been suffering from concern over the drop in the dollar and the effect on export business.

Siemens also announced that it was buying the outstanding 25 per cent of loss-making Transformatoren Union (TU) from AEG, now part of Daimler-Benz, to give it full ownership of the electrical components company.

Paribas sends director to unit

BY OUR PARIS STAFF

PARIBAS, the banking group whose privatisation is now breaking records on the French stock exchange, has transferred one of its own top executives to take over the management of Crédit du Nord, its troubled commercial banking subsidiary.

Mr Pierre Siman, a central board director and secretary general of Banque Paribas, has been detached to become managing director of Crédit du Nord with effect from February 1, under its chairman Mr Bruno de Maulde.

Crédit du Nord, which is 50.3 per cent owned by Paribas with the remainder held directly by the state, has provided the biggest blot on the Paribas prospectus after its spectacular relapse into losses last year.

The bank reported a loss of FFr 241.5m ($40.2m) for the first half of last year and warned that losses for the whole of 1986 were expected to total FFr 400m, after general risk provisions of FFr 200m. Crédit du Nord had to cover the cost of a severe reduction in its workforce as well as a major reinforcement of provision against domestic and foreign risks.

The relapse was viewed as particularly disappointing since Crédit du Nord had already undertaken a substantial jobucutting exercise under its previous chairman Mr David Dautresme, who left the bank for Lazard Freres in January last year, and had begun to improve its profits.

Some senior Paribas officials believe Crédit du Nord was in too much of a hurry to announce its turnround from the losses it incurred in 1982.

Paribas and the French Government both had to subscribe to a FFr 750m capital increase for Crédit du Nord in the wake of the announcement of the 1986 losses.

Mr Simon had only recently returned to Banque Paribas from Lyonnaise de Banque, part of the state-owned CIC group, where he was assistant managing director, and is also chairman of the executive board of Carte Bleue, the main French charge card group.

He replaces Mr Pierre Barberis, who moved from Crédit du Nord recently to the private sector insurance group Axa.

Chevron slips into loss after $316m charge

BY WILLIAM HALL IN NEW YORK

CHEVRON, the third biggest US oil company, has reported its first quarterly loss since 1933. The San Francisco oil group, which took over Gulf in 1984, lost $88m in the final quarter of 1986 after taking a $316m charge to cover certain exploration and production assets which are no longer economic to develop at current oil price levels.

The latest quarterly loss compares with a profit of $600m in the final quarter of 1985 and helped push the full-year earnings 54 per cent lower to $715m, or $2.09 a share, compared with $4.52 a share in 1985.

Mr George Keller, Chevron's chief executive, said the group's US exploration and production operations reported losses for the third consecutive quarter because of the lower oil prices. However, the impact was mitigated by increased refining and marketing sales margins for most of the year although, by the fourth quarter, increased sales margins had largely disappeared.

Mobil, the second biggest US oil company, has reported a 53 per cent fall in its fourth-quarter net income to $201m, or 49 cents a share, but its full-year earnings rose 35 per cent to $1.4bn, or $3.44 a share.

After adjusting for special items, which included a $150m book loss on the sale of Container Corporation of America, Mobil's adjusted earnings of $1.55bn were $7m higher than the previous year.

Mobil attributed its unchanged earnings for the year to a strong performance by its worldwide refining and marketing and Montgomery Ward retailing operations, plus a record performance by its chemical operations.

Mobil's exploration and production operations in the US lost $24m in 1986, compared with a profit of $716m in 1985 while the overseas exploration and production operations earned $856m in 1986

Its US refining and marketing operations more than doubled their 1986 earnings to $366m while the earnings of the overseas marketing and refining operations jumped from $176m in 1985 to $926m.

Shell Oil, the US subsidiary of Royal Dutch/Shell, which in terms of revenues is more than a third smaller than Chevron and less than half the size of Mobil, posted full-year earnings of $883m, down from $1.65bn in 1986.

It says that it is encouraged by recent crude oil price increases and, while it sees "no dramatic crude oil price improvement in the near term, the worst may be behind us."

Sun Company, a medium-sized oil company based in Pennsylvania, earned $385m, or $3.54 a share, in 1986 compared with $527m, or $4.72 a share, in 1985. The results for both years were affected by special items.

Citicorp in move to curb costs

By William Hall in New York

CITICORP, the biggest US banking group, has taken steps to curb the faster-than-expected growth in expenses of its rapidly expanding worldwide investment banking operations following a disappointing earnings performance in 1986.

Citicorp has been one of the most aggressive US banks in building an investment banking operation to match the competition of the likes of Japan's Nomura Securities and Wall Street's Salomon Brothers.

However, Citicorp's investment banking operations have been marked by senior staff turnover and lacklustre earnings. Net income of Citicorp's investment bank rose 1 per cent in 1986 to $429m, while revenues rose 21 per cent to $1.9bn, and expenses by 43 per cent to $1.2bn.

Mr John Reed, Citicorp's chairman, said that the growth of expenses of the investment banking operation had been faster than budgeted and the group had taken steps to impose tougher curbs on expense growth in the investment banking operation

While Mr Reed stressed that the group's commitment to becoming a major factor in worldwide investment banking had not been reduced, he indicated that he was less than happy with the results of this side of the group's operations and less sure about Citicorp's ability to control expense growth in investment banking operations than was the case in the group's increasingly important retail banking side.

Iberia ends year in black boosted by rise in passengers

BY DAVID WHITE IN MADRID

IBERIA, Spain's much-criticised state-owned airline, made its first profits for a decade last year with net earnings of about Pta 750m ($5.8m) according to provisional results announced by its chairman Mr Narcis Andreu.

The profit, reflecting a sharp recovery after a disastrous first half, compared with a loss of Pta 11bn in 1985.

Operating results produced a Pta 11.5bn turnround, moving from a Pta 5bn deficit to a Pta 6.5bn operating profit. Last year marked the final stage of a re-capitalisation plan involving the injection of Pta 90bn from the state.

Total passengers, which Mr Andreu said placed Iberia in third place among European airlines, grew 3.8 per cent to 13.64m despite a fall-off on North Atlantic routes.

The airline's passenger load factor improved to 67.1 per cent compared to 66.3 per cent the previous year, and reached 71.2 per cent on Iberia's domestic services. Mr Andreu said its new twice-weekly service to Japan, introduced in May, had already broken even, while Latin American markets showed strong growth.

Losses on domestic routes were offset by profits on international services, which accounted for only about 40 per cent of passengers but brought in 73 per cent of the company's Pta 280bn revenue.

Mr Andreu said that the airline's long-postponed decision on new aircraft purchases would probably be made by the middle of the year.

Iberia was preparing to launch new subsidiaries to run regional services such as to the Canary Islands, and planned to move towards a clearer division of responsibilities between itself and its sister company Aviaco as international and domestic carrier respectively.

Huels expects rise in profits

By Haig Simonian in Marl

CHEMISCHE Werke Huels, the chemicals subsidiary of Veba, the West German energy group, had "its best year ever" last year, according to its chairman, Mr Carl Heinrich Krauch, despite a marked fall in turnover.

Group sales dropped to DM 5.49bn ($3.65bn) from DM 6.54bn in 1985, according to preliminary figures, while turnover for the parent company fell to DM 4.46bn against DM 5.46 in 1985.

The improvement in the group's profit, which will be announced later, seems largely attributable to the rationalisation which began in the early 1980s.

Swissair expects further decline

BY JOHN WICKS IN ZURICH

SWISSAIR, Switzerland's national carrier, is expecting a further decline in earnings this year. On the basis of the 1987 budget, the airline will remain in the profits zone but results will be down on those for last year.

Although no figures are yet available for 1986, Swissair president Mr Robert Staubli said last month that these would show a "massive fall" on the record net-profits total of SFr 68.5m ($45.4m) booked for the previous year.

The airline has already announced plans to reduce its payroll by 1.5 per cent, raise its marketing targets and tighten its overall programme of services. Despite these measures, flight operations are expected to result in a substantial loss in 1987, which will be more than offset, however, by earnings from other activities.

The airline expects to be hit by the currency situation again this year, following a weakening of all major foreign currencies against the Swiss franc in 1986.

To help combat this, capacity use of the fleet is being improved and traffic on schedule routes is expected to rise about 5 per cent. Seat capacity use is seen as going up from 62 per cent to 63 per cent this year.

Cote d'Or takeover move expected soon

BY TIM DICKSON IN BRUSSELS

SPECULATION was growing in Brussels yesterday that either Nestlé or Jacobs Suchard, both of them Swiss food groups, was planning a takeover bid for the Belgian chocolate company, Cote d'Or.

Cote d'Or revealed on Tuesday that it had received an approach from an outside party – comprising "A variety of options" – and that it had asked the Brussels bourse to suspend its shares. The board, led by managing director Mr Baudouin Michiels, was studying the offer yesterday and an announcement was thought likely later today.

At the suspension price of Bfr 5,350 the Belgian concern is valued by local stockbrokers Peterbroeck van Campenhout at around Bfr 3.2bn ($85m) (taking into account convertible bonds). Based in Brussels, Cote d'Or also has manufacturing facilities in France and Spain and employs in total about 1,200 people.

The company has been through a difficult patch recently, suffering consolidated losses of Bfr 61m in 1985 on turnover of about Bfr 7.4bn.

Sharply rising cocoa prices and troubles in its Spanish operations were largely responsible for the poor result but despite a reversal of commodity trends analysts anticipate that profits last year will not work out at much more than Bfr 100m in 1986 compared with Bfr 111m in 1984.

NORTH AMERICAN QUARTERLIES

CERTAINTEED
Fibre glass products

Fourth quarter	1986 $	1985 $
Revenue	268.6m	281.7m
Net profits	10.7m	10.4m
Net per share	0.57	0.55
Year		
Revenue	1.11bn	1.11bn
Net profits	57.2m	53.4m
Net per share	3.02	2.73

CONSOLIDATED-BATHURST
Forest products

Fourth quarter	1986 C$	1985 C$
Revenue	526m	433m
Net profits	30.6m	4.8m
Net per share	0.63	0.04

FREEPORT-McMORAN
Natural resources

Fourth quarter	1986 $	1985 $
Revenue	157.1m	155.1m
Net profits	21m	14.5m
Net per share	0.21	0.22
Year		
Revenue	615.2m	722.2m
Net profits	25.7m	111.5m
Net per share	0.26	1.65

HERCULES
Chemicals, aerospace

Fourth quarter	1986 $	1985 $
Revenue	640.5m	636.2m
Net profits	38.9m	22.1m
Net per share	0.69	0.40

Continued on Page 35

AIBD BOND INDICES

WEEKLY EUROBOND GUIDE JANUARY 23 1987

	Redemption Yield	Change on Week %	12 Months High	12 Months Low
US Dollar	8.485	−0.352	10.169	8.450
Australian Dollar	14.270	1.494	14.587	12.830
Canadian Dollar	9.758	−2.176	11.704	9.757
Euroguilder	6.232	0.711	6.314	5.804
Euro Currency Unit	8.600	0.491	9.477	8.164
Yen	5.991	−1.106	7.002	5.774
Sterling	10.744	−0.884	11.932	9.751
Deutschemark	6.134	−1.604	6.813	6.134

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INTL. COMPANIES and FINANCE

Murdoch claims 56% of HWT control for News

BY CHRIS SHERWELL IN CANBERRA

MR RUPERT MURDOCH, the *Australian-born media magnate,* yesterday announced that News Ltd had gained control of 56 per cent of the Herald and Weekly Times (HWT) and had reached agreement on the sale of the Melbourne group's electronic media interests.

Speaking in a television interview, he also confirmed that separate discussions had been going ahead on the sale of the News group's two television stations in Sydney and Melbourne, but no deal had yet been struck.

The revelations suggested that the Sydney-based Fairfax group was losing ground in its battle to stop News Ltd acquiring HWT and to take over the group *itself.*

Fairfax claims that News Ltd *is controlled by Mr Murdoch,* a US citizen. Australian law *precludes foreign ownership of* more than 15 per cent of a *broadcasting licensee.*

Mr Murdoch argues that he *no longer controls News Ltd* following its recent restructuring. *Legal hearings on the Fairfax complaint* are scheduled to resume today in the *Victoria* Supreme Court.

Fairfax launched its action last week, together with a A$2.5bn (US$1.66bn) offer for HWT which outbid Mr Murdoch's. The move came after a federal court finding that Mr Murdoch still controlled the two Channel Ten television stations in Sydney and Melbourne.

The court made its finding despite a similar ownership restructuring by Mr Murdoch of Channel Ten Holdings, the controlling company. The ruling led the Australian Broadcasting Tribunal to put Mr Murdoch's HWT takeover on hold pending an inquiry into foreign ownership of broadcasting companies.

In his *interview,* Mr Murdoch said he was advised yesterday by News *Ltd that it had 56 per* cent of all the shares in HWT.

Asked if he thought that was a victory, he said: "Yes. I don't *think* it's a matter very much for the tribunal. I know they are sitting. I don't want to preempt that either. But what I've also been advised by News Ltd is that they will be completing today the conditional sale of all Herald and Weekly Times electronic assets to different parties."

This meant the impediment of the broadcasting stations had been cut out. "The spirit of the law has been obeyed," he declared.

Earlier, Mr Murdoch said he thought the prices being paid *for television stations in Australia* were not excessive. In the long term, he said, the great majority of national advertising was going to be on television.

He also rejected assertions that the News Ltd restructuring was simply designed to retain *control.*

Westfield move ends ACI siege

BY BRUCE JACQUES IN SYDNEY

THE YEAR-LONG siege of ACI International, the Australian glass and packaging group, has been broken after Westfield Capital Corporation (WCC) paid A$114m (US$75.5m) to lift its stake from 13.5 per cent to 20 per cent.

WCC *bought the shares from* Pratt Holdings, which early in 1986 had launched a bid worth about A$1.27bn for ACI in conjunction with Equiticorp Tasman, a New Zealand investment vehicle.

The effect of the latest deal was to reduce Pratt's stake to 12.5 per cent, *and the company* has given ACI an undertaking that it will not lift *its* interest beyond 15 per cent in the next two years.

Another significant part of the deal was that it involved dropping all legal action between ACI and Pratt. But while hostilities have ceased for the moment, the deal still leaves ACI's share register with a distinctly unsettled look.

WCC will be the company's major shareholder with Australia's biggest institution, the AMP Society, next at 13 per cent. *Next comes Pratt followed* by the Singapore-based Oversea *Chinese Banking Corporation* with 10 per cent and the US-based Henley Group with about 6 per cent.

This structure is the result of a strategy by Mr David Brydon, ACI managing director, to bed down the bulk of the company's shares with passive *or friendly shareholders.* With WCC describing itself as a long-term investor, he appears to have succeeded in placing perhaps 40 to 50 per cent of the capital in hands which could currently be counted in those two categories.

But recent takeover bids in *Australia, notably those for* Herald and Weekly Times, have *shown that if the price is high* enough, the most elaborate of defensive shareholding structures cannot be relied on to save companies from acquisition.

Indonesian tin group out of red

BY JOHN MURRAY BROWN IN JAKARTA

PT TAMBANG TIMAH, Indonesia's state-owned tin company which accounts for 85 per cent of national production, has reported pre-tax profits of rupiah 46.8bn ($28.8m) for last year compared with a loss in 1985 of rupiah 12bn.

Mr Timah Sujatmiko, Timah's executive director, announcing the figures yesterday, said Indonesia's exports for last year were 25,800 tonnes against 22,400 tonnes in 1985. The company had earlier predicted production to reach 27,000 tonnes in 1986, bucking the international trend of retrenchment and closure *in the industry.*

Exports account for 95 per cent of Indonesian tin production, and the apparent profit turnaround is being greeted with scepticism by traders given the 50 per cent fall in world prices since the collapse of the International Tin Council's price support activities in October 1985.

Timah, like almost all state companies, does not make *public its full accounts.* However, Mr Sujatmiko said operating costs were down 38 per cent to around US$6,000 a tonne from $9,800 in 1985. This *followed* benefit and pension cuts to the 28,000 staff, a 45 per cent devaluation of the rupiah and more concentration on high grade deposits.

Indonesia's tin operations centre on Bangka Island, off south-east Sumatra, where more than 50 per cent is offshore dredging. Indonesia, historically the world's second producer after Malaysia, is expected to adopt a 24,000-tonne export quota from March 1 *in line with a preliminary* agreement by producers to cut output to push up prices.

Sanyo Electric suffers 74% decline

BY YOKO SHIBATA IN TOKYO

SANYO ELECTRIC, the Japanese consumer electronics producer, suffered a slide in pre-tax profits of 74.1 per cent to Y15.16bn ($100m) for the year to November.

The period was the last before the merger with Tokyo Sanyo, its largest affiliate, which took place in December as part of a group rationalisation.

Mr Satoshi Iue, its president, yesterday reported the parent company's first-ever operating loss, which reached Y2.81bn, against the *previous* year's profit of Y26.24bn. The yen's steep *appreciation,* which slashed revenues by about Y70bn, brought the ratio of exports to total sales down to 49 per cent.

Turnover of Y838.84bn was down 19.9 per cent. Although net profits plunged 54.4 per cent to Y12.9bn, the annual dividend is unchanged at Y8.

Hyundai chief hands power to his brother

By Maggie Ford in Seoul

MR CHUNG JU YUNG — chairman of Hyundai, South Korea's best-known company and patriarch of the country's post-war industrial expansion —yesterday resolved months of speculation by handing over the reins of power to his brother.

Mr Chung, aged 71, founded the company in 1947. It now has 32 subsidiaries covering cars, shipbuilding, electronics, construction and engineering. His brother, Mr Chung Se Yung, 58, will take over as chairman but many believe that his true successor will eventually be Mr Chung Mong Koo, 48, his eldest son, who has been promoted to the chairmanship of five Hyundai subsidiaries.

However, "Chairman Chung" will *retain power over* decision-making on major investment projects, and his decision not to appoint his *son to* the top position in Hyundai Motor, now the most high *profile company in the* group, suggests that he feels that *Mr Chung Mong Koo* still needs time to show his *true* mettle.

Mr Chung senior has in many ways reflected the style of South Korea's drive to success in world manufactur-

Chung Ju Yung: ends months of speculation

ing. Born into a poor farming family, he had only a brief education and initially worked as a delivery boy.

His early successes in business took place in the reconstruction period following the Korean war. His philosophy, described by Hyundai employees as: "Say yes first, then work out how to do it," has paid dividends internationally.

Mr Chung's entry into the world's shipbuilding industry, now dominated by South Korea at the expense of Japan, started with his acceptance of orders for ships. Building the shipyards themselves followed later at great speed.

His hands-on management approach was evident when the company decided to export its Excel car to the US, industry observers say. His supervision of routine details at Hyundai Motor apparently led to some internal difficulties with his brother, but the results speak for themselves: projected sales of 100,000 cars turned out at a claimed 300,000 last year with 675,000 projected for this year.

Chairman Chung's decision to step down, albeit retaining behind-the-scenes control for the moment, marks the start of a new generation in South Korea's industry. Mr Chung Se Yung and most of his elder brother's six sons who work for Hyundai, have studied at university, many of them abroad.

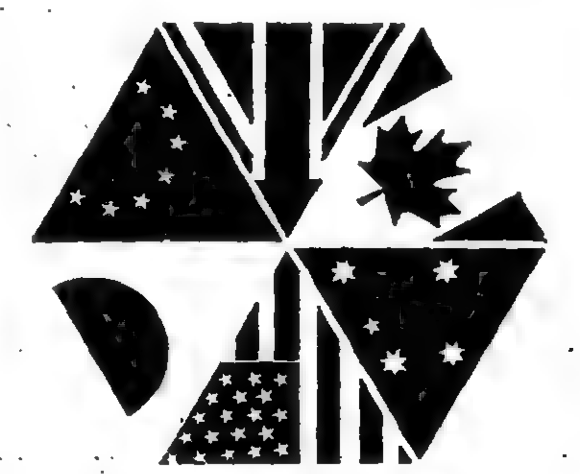
Major management changes in the past two months at Samsung and Goldstar, two of South Korea's other major conglomerates, reflect a realisation in business circles that the country is about to enter a new era in international activity.

Deak Morgan in Singapore deal

DEAK MORGAN, a fast-growing *Brisbane financial* services group, has bought 49 per cent of *K. H. Lim* and Associates, of Singapore, becoming the latest foreign institution to arrange a deal which gives it just short of control in a stockbroking firm there, writes Our Financial Staff.

It is to pay not much more than S$3m (US$1.4m) for its holding, but is to extend loans and guarantees to Lim, on whose board it will have two directors. Its name will change to Paul Morgan and Company.

Lim was one casualty of the Singapore equity market's forward share contracts crisis of late 1985. The Australian link-up has the blessing of its creditors



INTERNATIONAL CAPITAL MARKETS and COMPANIES

Alexander Nicoll on the latest report from the Bank for International Settlements

Japanese bank lending surges ahead

THE RISE of the Japanese banks is clearly illustrated by the quarterly banking statistics published today by the Basle-based Bank for International Settlements.

In the quarter international bank lending rose at a pace that rivalled that seen in the period leading up to the debt crisis, which began with Mexico's financial collapse in 1982. Most of the growth was in interbank credit.

Japanese banks played a very large part in this, well beyond the window-dressing activities which always tend artificially to boost their balance sheets during the third quarter.

Tokyo has become, by one measure at least, the largest international financial centre. Its banks are by far the world's biggest lenders and the market share of US banks has fallen sharply.

Underlying the dry statistics are two other strands symbolic of the trends of the past few years: new lending to developing countries is virtually non-existent. Meanwhile, the trend towards securitisation of debt—removing as much debt as possible from bank balance sheets—which followed the debt crisis still has important implications for bank lending.

Among the factors highlighted by the BIS as responsible for the huge rise in interbank lending is the funding of inventories of securities in the interbank market.

"In addition to issuing sizable amounts of floating rate notes taken up in large measure by other banks, the banks were reported to have accumulated on their books a large volume of newly issued bonds during the third quarter, partly as a result of growing placement difficulties and interest rate expectations," the BIS says.

Also contributing to the rise in interbank activities, was a much greater role for banking flows in the funding of the US current account deficit it says. The other factors it pinpoints, however, all apply specifically to Japanese banks which, it says:

- Borrowed short and lent long in expectation of falls in dollar interest rates.
- Took advantage of the liberalisation of Japanese access to international markets by diverting Japanese domestic credit flows into the less regulated international market, thus increasing the international role of the yen.
- Competed more intensely among themselves on balance sheet size.

Local claims in foreign currency on banks in Japan grew an astonishing $68.7bn during the quarter to $258.1bn, topping the equivalent figure in the UK, which has traditionally been the main centre for Euro-currency dealings and which also showed a high $18.3bn increase to $234.2bn.

The growth of reporting banks cross-border lending to one another in the first nine months of 1986 was three times greater than that in the same period of 1985. Most of the growth in assets was concentrated in dollars and yen. By contrast, bank cross-border lending to non-banks showed only slow growth even though it includes bank purchases of securities issued by non-banks.

The BIS said that after eliminating double-counting which results from redeposits of funds, the net amount of credit outstanding from international banks rose $55bn during the quarter, an annualised rate of growth of 14 per cent, to $1,710bn, bringing the increase in the first nine months of 1986 to -110bn, nearly twice the expansion in the same period of 1985.

With the BIS reporting area of 18 countries receiving virtually all the new lending, the US was the largest taker of new funds, through a $16bn net import of funds through banks in the US and $3.4bn through the Euromarkets.

The UK was the second largest taker, with non-banks taking $11.2bn and banks in the UK converting $7bn into sterling. "Some of this lending to UK entities is thought to have represented loans to security houses," the BIS says.

Just as striking as the overall growth of the international banking market is Japanese banks' growing share of it as well as the declining role of US banks. As the accompanying table shows, Japanese banks have doubled their international assets over the past two years while US banks' have barely increased their international lending at all, even though the statistics for them cover US banks' branches in offshore centres.

The report says that, apart from "general dynamism and competitiveness," there are four reasons contributing to the expansion of Japanese banks' international role:

- The yen's appreciation enabled banks to expand their Eurodollar business more than US banks because their capital bases are in yen.
- The denomination in yen of much of their international assets automatically increased the dollar value of these assets.
- with deregulation enabling Japanese borrowers and investors to look abroad, Japanese banks captured a large share of the growing Japanese credit flows being intermediated in international financial markets.
- Much international lending by Japanese banks was in South East Asia, which has had fewer debt problems than other regions.

INTERNATIONAL BANK LENDING ($bn)

	Sept. 30 1986	Change in third quarter	Change in nine months	1985 Comparatives third quarter	1985 Comparatives nine months
Inside BIS reporting area					
Interbank claims	1,866.2	+156.6	+238.5	+29.2	+ 82.9
Claims on non-banks	413.1	+ 7.7	+ 26.2	+ 2.4	+ 12.9
Outside BIS area					
Claims on rest of world	656.5	+ 2.8	− 1.1	+ 6.2	+ 13.2
Total	2,999.8	+167.3	+267.1	+37.8	+111.2

INTERNATIONAL ASSETS OF BIS REPORTING BANKS

	September 1986 $bn	September 1986 % share	September 1984 $bn	September 1984 % share
France	264.5	8.2	194.5	8.7
West Germany	250.5	7.8	139.4	6.2
Japan	1,019.4	31.6	519.8	23.2
UK	213.1	6.6	178.7	8.0
US	610.2	18.6	587.2	26.1
Others	880.2	27.2	616.3	27.6

Source: Bank for International Settlements

Eurodollar traders remain quiet prior to US figures

BY CLARE PEARSON

EURODOLLAR TRADERS were in subdued mood yesterday ahead of the announcement of the US Treasury's quarterly refunding package, and prices of fixed-rate bonds were barely changed in thin trading. Meanwhile retail investors remained firmly on the sidelines as concern about the dollar continued.

The new issue market was concentrating on currency sectors, with an Ecu 350m two-tranche issue for the EEC — the largest ever in the fixed-rate Ecu market — standing out among the sprinkling of new bonds.

The market was generally enthusiastic about this issue, and Banque Paribas Capital Markets, the lead-manager, said that it had underlined the return of European investors — who are traditional buyers of Ecu bonds but have virtually deserted the sector in recent months — to the Ecu market.

Paribas said that these investors had been turning attention away from the D-Mark since the West German discount rate cut last week, and Ecu bonds were offering them an attractive yield pick-up over D-Mark issues. Yesterday's issue appealed to them because the EEC is well-known and the issue's size would provide good liquidity.

The shorter tranche, an Ecu 150m 7⅛ per cent five-year bond, was meeting firmer demand than the Ecu 200m 7⅛ per cent seven-year deal yesterday, which is likely to appeal more to Japanese investors.

Both tranches were priced at 101⅛.

The five-year tranche was bid at a discount of 1⅞ percentage points, ⅛ of a point within its fees, while the longer tranche was bid on its fees.

The EEC will not be swapping the proceeds, which will be on-lent to Greece.

Euroyen bonds firmed by about ⅛ percentage point as hopes of lower interest rates continued to buoy the market. Two news deals emerged: a

INTERNATIONAL BONDS

Y15bn debut Euroyen deal for Portugal, led by IBJ International; and a Y20bn bond for Christiana, the Norwegian bank, led by Nomura International.

Portugal's seven-year 5⅛ per cent bond, priced at 101⅛, was considered slightly tightly priced by the market, although it was bid within the fees. Meanwhile Christiana's five-year 5 per cent bond, priced at 101⅛, looked even more aggressive, but the bid price held firm at 99⅛, against 1⅞ per cent fees.

Just one new deal emerged in the dollar sector: a $200m seven-year 7⅞ per cent bond for Mitsui Trust Finance (Hong Kong), led by Mitsui Trust International. The deal was priced at 101⅛ and traded at levels close to its 1⅞ per cent fees.

Morgan Stanley led an A$62.5m 14⅛ per cent deal for Eurofima, maturing in May 1990 and priced at 101⅛.

In the D-Mark market, prices of longer-dated bonds were unchanged on the day, although shorter-dated issues firmed slightly in low turnover.

Trinkaus & Burkhardt launched an unusual DM 100m deal with dollar currency warrants for the Council of Europe. The seven-year 5⅛ per cent bond carries warrants exercisable for three years, which may be purchased at DM 1.78 to provide a nominal $500 in cash. The premium on the warrants was 9.26 per cent.

The issue, which was priced at 116⅛, was launched too late to trade actively. It was Trinkaus & Burkhardt's first issue for a borrower other than its parent Midland Bank or itself.

Meanwhile, CSFB-Effectenbank and WestLB led an issue of 100,000 warrants on their own exercisable into a 6⅛ per cent 12-year bond for WestLB. The warrants are priced at DM 38 each and are exercisable for up to three years.

In Switzerland, the market had a firm tone in increasing volume.

Banca del Gottardo led a SFr 50m five-year issue for Sumitomo Warehouse, guaranteed by Sumitomo Bank. The 4⅛ per cent issue was priced at 100⅛. It is callable in 1989 at 102⅛ and then at declining premiums.

Banque Paribas (Luxembourg) led a Luxfr 300m five-year bond for the European Investment Bank. The 7⅛ per cent issue was priced at 100⅛.

CME changes some contract margin limits

By Our Financial Staff

BOARD MEMBERS of the Chicago Mercantile Exchange have approved an increase in margins for speculative trading the exchange's Standard & Poor's 500-stock index figures to $10,000 per contract. The old margin was $6,000.

The board has also agreed to raising the margins to $5,000 from $2,500 for investors trading S & P 500 futures.

The new margin limits were approved in response to Friday's chaotic trading in stock and stock index futures and options. They take effect after tomorrow's close of business.

Tokyo considers index futures

BY YOKO SHIBATA IN TOKYO

THE TOKYO Stock Exchange has been recommended by a specialist committee to introduce stock index futures trading to Japan as a useful tool for institutional investors to hedge risks and add to their flexibility.

The committee, which has been studying the subject of stock index futures trading since last May, says that its introduction would also promote the greater internationalisation of the Tokyo capital market and would strengthen its functioning.

The committee, headed by Mr Seiichi Kato, president of Okasan Securities, proposes that the index of all the 1,000-plus stocks listed on the first section of the TSE should be used for futures trading.

By taking so broad a measure, the committee argues, the traded index would be better protected from potential price manipulation than would be the case if a smaller list, such as the 225-stock Nikkei market average, were used.

A survey of 105 institutional investors showed virtually unanimous support for the introduction of stock index futures trading as soon as possible, the committee said yesterday.

This view apparently reflected concern that the Tokyo market still lacks the range of futures and options instruments it will need to sustain a role in global trading.

The TSE report will serve as the basis for discussions by a special committee of the Securities and Exchange Council, an advisory body to the Ministry of Finance, which is due to produce its own recommendations by next May.

The Osaka Stock Exchange, Japan's second largest, has already announced plans to start up stock index futures trading in April. The Tokyo exchange is not expected to be ready to start such trading before next year.

Ban on Metro buying Kaufhof shares lifted

By Our Financial Staff

WEST GERMANY'S Cartel Office is lifting its ban on the purchase by Metro, the Swiss cash and carry chain, of additional shares in Kaufhof, the West German department store group.

The Cartel Office reconsidered its ban after a West German court last year ruled in favour of Metro's complaints about the ban.

Metro holds 24.9 per cent of Kaufhof.

A stake of 25 per cent or more would give Metro a blocking minority vote on the Kaufhof board.

Yesterday Metro confirmed the Cartel Office move and said it could be assumed that Metro's shareholding would be increased to the new permitted ceiling of 49.5 per cent. The company declined to give further details.

Metro is owned jointly by Grospart, the Swiss holding company, and Stenkolen Handels-Vereeniging of the Netherlands.

A statement from the Cartel Office said a re-examination of the markets on which Metro was active showed Metro no longer had a dominating position in sales to wholesalers and other resellers of goods. It said Metro's main customers were now increasingly turning to other sources of supply, such as specialised wholesalers, in addition to Metro.

In 1986 the Federal Supreme Court struck down the Cartel Office's original 1983 decision, saying the anti-monopoly authorities had incorrectly defined the markets it investigated in considering the effect of Metro raising its Kaufhof stake.

Reshuffle for Pechiney top management

By Paul Betts in Paris

PECHINEY, the French state aluminium and metal fabricating group, announced last night a top management reorganisation.

The move had been expected and had been one of the early priorities of Mr Jean Gandois, the chairman who took over at the helm of Pechiney last July.

The new structure will involve the constitution of an executive committee to back Mr Gandois. The new committee will initially comprise five senior managers, including Mr Gandois, but will eventually include a sixth member to be recruited from outside the group during the second quarter of this year.

The group has decided to recruit an outsider following the decision of Mr Georges-Yves Kervern, the head of the company's aluminium division, to leave Pechiney. Since Mr Gandois took over, relations between the chairman and Mr Kervern, once tipped to head Pechiney, have been tense.

The reorganisation also follows Mr Gandois' recent decision to accept the chairmanship of Cockerill-Sambre, the Belgian steel group.

Mr Gandois will now be supervising strategic decisions and European negotiations at Cockerill-Sambre while continuing to devote most of his time to managing Pechiney.

The members of the new executive committee include Mr Gandois, Mr Jean-Pierre Ergas, Mr Jacques Loppion, Mr Michel Simonnard, and Mr Jean-Louis Vinciguerra as well as the so far unnamed external recruit.

Recovery by OTB subsidiary

BY KEVIN HAMLIN IN HONG KONG

HONGKONG Industrial and Commercial Bank (HICB), the government controlled subsidiary of Overseas Trust Bank (OTB), recorded a net profit of HK$8.68m (US$1.12m) in the six months to December, compared with HK$10.82m loss for the same period of the previous year.

Mr David Nendick, the bank's chairman and Hong Kong's Secretary for Monetary Affairs, yesterday said: "I envisage that the bank should achieve further growth in the coming six months." The bank lost HK$8m in the year to June 1986, although in the second half of that year it achieved a net profit of HK$4.34m. Mr Nendick forecast a return to profit this year.

The Government took control of the bank when it rescued Overseas Trust Bank, its parent, from collapse in June 1985.

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[illegible]

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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Their European audit team provides a real opportunity to gain substantial and varied commercial experience, and then progress into the key management of a major blue- chip multi-national within 2-3 years. This active policy of internal advancement has resulted in 5 executive promotions from the European audit team of 11 in the last year.

Because of further planned promotions and an expansion of the department, they now seek other high- calibre individuals.

Successful candidates must have a clear potential for advancement.

Requirements include superior communications and analytical skills; motivation to excel and a minimum of three years' financial and/or industrial experience. Working knowledge of a second European language is required, and applicants should ideally be aged late 20's/early 30's. Significant European travel is necessary, with return to homebase at weekends. While this is normally Brussels, their Italian speaking auditors may be based in Milan.

Interested applicants should contact Stephen Raby on Brussels 010-322-648.13.84 at Michael Page International, Avenue Louise 350, Box 3, 1050 Brussels. Alternatively, write to him c/o Michael Page International, 39-41 Parker Street, London WC2B 5LH. Please enclose a comprehensive curriculum vitae with your application, quoting Ref. B 354/FT.

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Starting salary will be approximately $35,000.

Please write in confidence to Michael Ping at Ernst & Whinney Management Consultants, Becket House, 1 Lambeth Palace Road, London SE1 7EU quoting reference F/737/P. An early reply is essential. Replies will be passed unopened to our client and you should indicate employers to whom you do not wish to apply in a separate covering letter.

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Position
The position of Financial Controller is a challenging one and the most senior financial position in the centre. He/she will be based in Addis Ababa. The Controller will be responsible for ensuring that an effective organisation and systems are maintained to provide the necessary financial information for planning and controlling the centre's research activities. He/she will exercise professiona supervision over all accounting functions and financial systems at both headquarters and in country offices, including the preparation of annual accounts, management information and cash flow management. He/she will also co-ordinate the preparation and evaluation of annual budgets. This position is now vacant.

Qualifications
Applicants must be fluent in spoken and written English. The successful candidate will preferably be over 35 years of age, have a working knowledge of French and:
— Hold a recognised professional accounting and/or financial management qualification. (MBA or other post-graduate degree);
— Have proven managerial skills in financial matters;
— Have relevant experience in an international or multi-national non-government organisation with a proven ability to work with people of different disciplines and nationalities;
— Be willing to travel frequently.

Employment Terms
The appointment will be made initially for two years, contract renewable annually thereafter.
A competitive remuneration and benefits package will be offered, commensurate with other international organisations.

Applications and Enquiries
Enquiries and applications, which will be treated with absolute confidence, should be sent to the Director General, ILCA, P.O. Box 5689, Addis Ababa, Ethiopia, not later than February 28, 1987.

Please include: Current curriculum vitae, recent salary history, professional references and photocopies of supporting documents (non-returnable).

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- at least 5 years' experience with a major accounting firm, a large corporation or a bank;
- very good knowledge of computerised accounting and management information systems and experience in using computer-assisted audit techniques;
- Thorough understanding and experience of all main aspects of data processing, including computer security and controls in computer systems;
- very good knowledge of English and French.
- An appointment will be offered for an initial period of 3 years.

Applications from male or female candidates, nationals of OECD Member countries, with detailed curriculum vitae specifying «Auditor» should be sent to : Personnel Division, OECD, 2, rue André Pascal, 75775 Paris Cedex 16. Closing date for applications : 25th February 1987.

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Interested applicants should forward a full résumé of education and experience, which will be treated in the strictest confidence, to The Vice-President, Group Personnel, RoyWest Group, P.O. Box N 7789, Nassau, Bahamas. Preliminary interviews will be arranged with selected candidates.

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WH Smith rises 21% helped by acquisitions

BY ALICE RAWSTHORN

W. H. Smith, the retailing and newspaper wholesaling group, yesterday watched its shares rise by 4p to 308p on the news that pre-tax profits improved by 21 per cent to £25.8m in the first half of the year. There was growth from almost every area of activity and an improved performance from recent acquisitions.

After the publication of W. H. Smith's last set of preliminary results City confidence in the company was marred by doubts about the progress of two recent acquisitions: the Elson newsagency business in the US, and the Our Price record retailing chain.

Yesterday Mr Simon Hornby, the chairman, said that a new management team is now installed at Elson and that the business should make a positive contribution next year.

The management of Our Price has now been integrated with the rest of W. H. Smith's record interests, and it increased both turnover and profit in the interim period.

Overall group turnover rose to £717.6m (£580.82m) in the six months to November 29 and trading profits to £29.37m (£22.54m).

The turnover of its retailing interests — embracing books, stationery, news and records — rose to £394.54m (£291.14m) and pre-tax profits to £15.17m (£9.91m).

The W. H. Smith retail chain succeeded in improving margins, by concentrating on traditional areas of activity, and sales grew by 9.9 per cent. In the US Elson traded at a profit of £2.4m, despite a pronounced fall in sales of soft pronography magazines.


Mr Simon Hornby, chairman of W. H. Smith

In the UK the integration of the group's record retailing interests has catalysed an increase in its share of the UK record market of 2 per cent to 23 per cent.

The Do It All DIY chain increased turnover to £68.87m (£52.03m) and pre-tax profits to £4.21m (£3.46m).

In the current financial year W. H. Smith intends to invest £52m in capital expenditure, £29m of which was spent in the first half. The bulk of expenditure, around £44.5m, will be absorbed by new store openings and refittings. The rest will be used to fund the installation of EPOS, which should be completed within two years. Mr Hornby said that the benefits of EPOS are, however, already beginning to flow through.

The wholesaling division experienced more modest growth. Turnover rose to £249.3m (£239m) and pre-tax profits to £8.57m (£8.43m). In the UK profits fell, chiefly because of the loss of the London contract to distribute News International's papers following its move to Wapping. The company has, however, become managing distributor for the Independent. Nonetheless the inclusion of Elson's Atlanta News Agency, for a full six months, boosted overall profits.

The group gleaned £224,000 (£199,000) from property profits, after the deduction of relocation costs, and £81,000 (£624,000) from its share of profits in related companies.

Earnings per share rose to 8.72p (7.5p) and the board proposes to pay an interim dividend of 2.4p (2.0p).

According to Mr Hornby the second half has begun well, with the retail business enjoying healthy Christmas trading, and he is confident about the prospects for the full financial year.

See Lex

WPP continues rapid expansion

BY MIKE SMITH

WPP, the marketing group, yesterday continued its rapid expansion by buying Scott Stern Associates, a Scottish sales promotion and design company, for a maximum of £7m.

Shares in WPP rose 23p to 815p. That compares with 40p in May 1985 and 695p a month ago.

Scott Stern, WPP's 12th acquisition in the past two years, has increased sales at a rate of nearly 30 per cent a year during the past five years. In the year ended May 31 last year its profits were £248,000 after sales of £3.11m.

Clients include British Gas, British Steel, Scottish & Newcastle Breweries and Racal.

WPP, which now claims to be one of Britain's top 10 marketing companies, says the UK sales promotion industry is growing 20 per cent annually and design is expanding by 40 per cent.

For Scott Stern, WPP is paying £1.25m initially, £1m in cash and £250,000 in shares. Convertible shares in WPP will also be issued and the final consideration will be based on a multiple of 10 times the average post-tax profit of Scott Stern for the three years ending May 1992.

Mr Harry Scott and Mr Raymond Stern, who founded Scott Stern in 1972 and own the majority of its shares, will join the Board of Rasor Communications, the holding company which co-ordinates WPP's UK activities. Both have signed long-term service agreements.

Scott Stern employs 41 people. They work from offices in Glasgow and London.

The fortunes of WPP have been transformed since the arrival in May last year of Mr Martin Sorrell, a former Saatchi & Saatchi director, and stockbroker Mr Preston Rabl. In the first half of last year pre-tax profits rose from £157,000 to £450,000 on turnover up from £1.96m to £4.46m.

Gates rejects improved offer

By Clay Harris

Frank G. Gates yesterday rejected the increased takeover offer from Giltrap which values the London-based car dealer at £11.7m.

The Gates board said that, after careful consideration, it continued to be convinced that the new 140p terms undervalued the group. The company hopes that family shareholders, who hold about 43 per cent of its shares, wil continue to reject the bid.

Crown TV aims to double turnover in current year

The acquisition of Capital Television Facilities together with the installation of new equipment enabled Crown Television Productions to treble both turnover and trading profits over the 1985-86 year.

Furthermore, the directors said yesterday that the company now had the technical capacity to double turnover again in the current year.

This would stem from organic growth to come from an increased client base in the existing production companies and from the new client base of the shortly-to-be-acquired Falkman television group.

The directors were confident that the anticipated increase in turnover would result in a healthy increase in profits.

The year to September 30 1986 saw group turnover rise from £1.57m to £3.31m and profits at the trading level improve by £602,000 to £1.13m.

However, after sharply higher depreciation and interest charges of £480,000 (£72,000) and £212,000 (£34,000) respectively, pre-tax profits worked through at £434,000, an improvement of only 3.8 per cent over the previous year's restated £418,000.

Tax also rose sharply to £298,000 (£161,000) and left earnings per 10p share 2.4p lower at 4.6p.

A final dividend of 2.45p makes a same-again total of 3.5p net, excluding last time's special 0.7p.

There was an extraordinary credit of £81,000 this time against £254,000 previously. The credit was taken above the line in 1984-85 but was subsequently taken down and the pre-tax profit figure adjusted.

The group, formerly known as Crown International Productions, made its debut on the USM in March 1985. Its interests are in the field of film, video and television programme production.

Reebok profits treble to £169m

By Janice Warman

Reebok International, the US athletic footwear and clothing manufacturer, doubled its fourth quarter pre-tax profits to $59.38m (£38.46m), and more than trebled year-end profits to $261.16m (£169.14m).

Pentland Industries of the UK has a 37 per cent stake in the company, which more than doubled its fourth quarter sales to $240.25m (£155.6m), making $919.4m (£595.47m) for the year, against $306.97m in 1985.

The results saw Pentland's earnings per share increase from 13.36p to 36.26p for 1986.

First quarter orders for 1987 were significantly above 1986 levels for the same period, said Mr Stephen Rubin, chairman, "Therefore, the company feels that its prospects for 1987 are outstanding."

He attributed the company's success to the combination of a high profile, quality products, a steady stream of new products and its strong international growth.

Reebok is established in North America, Europe and the Far East through a combination of own companies and distributors. Mr Rubin expects Europe to begin catching up on American sales, and reports strong growth in Japan.

"It would be unfair to anticipate the same percentage increase next year," he said. "But all the signs are that we should have another good year."

Tax for the fourth quarter took $30.1m ($14.7m), making $129.02m for the year against $39.15m in 1985. Net income was $29.28m ($14.78m), making $132.13m ($38.96m), while earnings per share were 55 cents (31 cents), making $2.55 (91 cents) for the year. EPS was adjusted to reflect the three-for-one share split on June 9, 1986.

Nationwide Leisure in bid talks

By David Thomas

Nationwide Leisure, holiday, caravan park and retail company is in discussions which could lead to an offer for the company.

The company announced this yesterday because of the recent rise in its share price. The directors say they believe that any offer would be at a level not significantly different from the present share price.

Yesterday Nationwide closed up ½p at 76p. The shares were priced at about 64p till about a week ago, when the price increased.

For the six months to the end of April, the company reported pre-tax profits down from £407,000 to £309,000, on turnover down by £3.12m to £7.13m. The profits fall was mainly because of a loss from its retail leisure side.

The company's directors were unavailable for comment on the talks.

ATC pref. offer raised

Allied Textile Companies, which agreed an £11.6m cash offer for Bulmer & Lumb (Holdings) back in early December, is increasing its recommended terms for the preference shares.

Initially, ATC offered 60p for each preference share but received acceptances in respect of only 49,839 shares—49.8 per cent of the total. Accordingly, it has decided to raise the offer to 80p and has received an irrevocable undertaking to accept the higher offer in respect of a further 40,231 shares.

Alexander Russell

Alexander Russell has acquired the remaining 50.4 per cent of Shiphorns Estates, which has been an associate since its formation in 1953. Consideration amounted to £756,400 and was satisfied as to £744,600 cash, and the issue of 9½ per cent redeemable unsecured loan notes.

Shiphorns now becomes a wholly-owned subsidiary. At September 30 1986 its net assets amounted to £670,000 and its pre-tax profits for the half year were £351,000. For the full year profits of not less than £450,000 are anticipated.

FLEMING FLEDGELING Investment Trust: Net asset value per 25p share was 191.2p (143p) at end-December 1986. Net revenue for year £324,698 (£226,570) after tax of £136,791 (£143,339). Earnings per share 2.5p (2.6p). Final dividend 1.55p, making net total of 2.55p (2.5p). Equitable Life Assurance Society is now beneficially interested in 1.325m ordinary shares (10.5 per cent).

THE CONTINUING GOLD FIELDS SAGA

Secrecy in South African camp

BY JIM JONES IN JOHANNESBURG AND CLAY HARRIS IN LONDON

THE DEPUTY chairman of Gold Fields of South Africa (GFSA) claimed yesterday that his chairman had not been aware of the company's recent decision to increase its holding in Consolidated Gold Fields, the London-based mining and industrial materials group.

Disclosure of the 7.8 per cent stake in Gold Fields held jointly by GFSA and Driefontein Consolidated is the latest development in the complicated series of cross-holdings among South Africa's rival mining houses and their overseas associates.

Gold Fields has interests of 48 per cent in GFSA and 25 per cent in Drie Cons but claims to treat the holdings as passive investments.

Mr Dru Gnodde, GFSA deputy chairman, said yesterday that he and two other executive directors, Mr Bernard van Rooyen and Mr Bruce Forsyth, decided on January 19 to raise the stake in Gold Fields from 4.9 per cent, where it did not have to be disclosed, to 7.8 per cent.

He explained only that it was "considered to be a good portfolio investment."

The three men also authorised the investment vehicle, a wholly-owned subsidiary of Drie Cons, to borrow about £40m in London to finance the purchases through the Stock Exchange and also authorised short-term guarantees for the loans by GFSA. Mr Gnodde would not disclose the amount or terms of the debt.


Mr Rudolph Agnew, chief executive of Gold Fields

Excluded from the decisions were Mr Robin Plumbridge, GFSA's chairman, as well as two non-executive directors, Mr Rudolph Agnew and Mr Peter Gush.

Mr Agnew is chairman, and Mr Plumbridge a non-executive director, of Gold Fields, which said on Tuesday that it had not been a party to the decision.

Mr Gush is an executive director of Anglo-American, parent of Bermuda-based Minorco, which itself is the largest shareholder in Gold Fields with a 28.3 per cent stake. Minorco complained on Tuesday about not being told of the recent share purchase.

Mr Gnodde said yesterday that Mr Gush had not been told of the latest purchase plans because "he might have been considered to be a concert party" since the Minorco and GFSA-Drie Cons stakes together amount to more than the 29.9 per cent holding which might force a full bid.

Mr David Fisher, Minorco's Luxembourg-based vice-president and secretary, said yesterday that this factor was not a consideration in the company's decision to make a statement on Tuesday.

He suggested that Minorco had not been surprised about the original 4.9 per cent stake, which had been held since 1983.

But GFSA and Drie Cons only told their shareholders this week about the original stake, which was bought for an undisclosed sum, believed to be about £30m.

One leading Johannesburg mining analyst questioned why the secrecy had been necessary since 1983. GFSA could not have hoped to have secretly acquired a shareholding in Gold Fields large enough to remove any perceived threats to management by Minorco and the Anglo American group.

The 4.9 per cent interest in Gold Fields was material and far larger than some of the interests in small mines which GFSA regularly discloses in its annual reports.

Most of the Minorca stake in Gold Fileds was picked up in a "dawn raid" in 1979 when Anglo American and De Beers justified their action by saying it was intended to protect the company from "hostile hands."

Few people believed the disarming statement and Mr Agnew scurried around the investment houses of Europe trying to drum up support for his board.

At the time it was suggested that Anglo American really wanted control of GFSA, which is more dependent on gold than any other South African mining house.

In the year to June 30, around 75 per cent of its investment income derived from investments in Kloof and Drie Cons, South Africa's two richest gold mines.

Near £1m advance at Cray Electronics

A NEAR £1m advance in first half pre-tax profits was achieved by Cray Electronics. And shareholders receive an increase in their interim dividend from 0.957p to 1.244p net.

The directors reported that the results (profit up from £2.12m to £3.05m) had been achieved primarily by the return on the group's investment in the development of new products, and from a strong performance from the services and industrial security division.

Those activities, while not producing a large increase in turnover, gave a much greater contribution to profitability. The turnover for the half year (to October 31 1986) at £21.49m, against £20.1m, was also influenced by the scheduling of certain military and communications projects into the second half.

It was also announced that Mr B. P. Collins, the chief executive, had been appointed chairman in place of Mr R. Palumbo, will stay on the board as deputy chairman.

After tax of £1.67m (£847,000), net earnings for the period came to 6.11p (4.77p). There were in addition extraordinary charges of £194,000 (£57,000), relating to costs associated with the closure of the remaining traditional manufacturing facilities. The remaining costs will be of a similar magnitude and will be reflected in the second half.

For the full year ended May 3 1986 the group made a profit of £6.27m pre-tax and paid a total dividend of 3.911p.

● comment

Defence is gradually becoming less significant for Cray and although these figures were distorted by one military contract which slipped into the second half, the margins are showing the benefit. Although the company does not break down its results by division at the interim stage, the communications and the services and industrial security divisions are now the most important, despite some delays in approval for its new communications products. The group has increased its R & D spend by 20 per cent this year and now has high hopes for its particle analysis and advanced materials businesses. Organic growth is chugging along at 30 per cent a year, as Cray exploits its many profitable niches, and it looks on target for £9m pre-tax this year. With the shares at 335p, the prospective p/e of 18.5 should give Cray plenty of scope for its acquisition plans.

Mainmet growth potential starts to show through

Mainmet Holdings, involved with energy conservation products, made substantial progress in the half year ended November 30 1986.

And Mr G. Towler, chairman, said he was confident that the group would continue to record a satisfactory improvement in results for the rest of this year and beyond.

For the half year the group produced a turnover up from £993,000 to £1.6m, and achieved a pre-tax profit of £129,000. This compared with a loss of £24,000, which was turned into a profit of £120,000 by the year-end.

The group, traded on the USM, supplies and maintains heating equipment, water saving devices, energy controllers, and air pumps. It is paying a maiden interim dividend of 0.75p net from earnings of 8.85p (loss 0.98p).

Mr Towler said the growth in profitability gave an indication of the potential within the group to achieve significant improvement in earning capacity.

Orders had already been received by all divisions exceeding £1.5m, and other negotiations were at an advanced stage.

Pension Fund's riposte

THE Merchant Navy Officers Pension Fund has refuted recent press speculation concerning a ruling by the Australian National Companies and Securities Commission regarding a purchase of an 8 per cent holding in Humes on December 2 last year.

The Trustees stated that the Fund currently holds a total of 40,500 shares in Humes which represented 0.02 per cent of the share capital. This stake was purchased in July and August 1986 and at no stage had its holding exceeded this figure.

The Fund also holds 736,000 ordinary shares and 2,568,000 Convertible Preference shares in APA which were purchased between June and September 1986.

These holdings constituted a normal part of the Fund's assets which currently total around £1,500m, the Trustees said, and were purchased for normal investment reasons. No agreements or understandings have been entered into with other parties.

The Fund was willing to respond to any questions from the Australian official body.

Blacks Leisure stakes cut

BY NIKKI TAIT

TWO INVESTMENT trusts—Ailsa and Atlantic & General—have reduced their stakes in Blacks Leisure, the camping and leisurewear retailer which was saved from receivership by a £1m consortium package in October.

Atlantic & General, a wholly owned subsidiary of J. Rothschild, has sold 3.5m 10p shares, reducing its holding in this category from just under 15 per cent to 8.69 per cent. It has also sold 3.1m 2½p shares—which were isued in the November rights issue—cutting its holding here below the disclosable level.

Ailsa has sold 3.4m 10p shares, leaving it with under 3 per cent in that class. It still holds 6m 2½p shares.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Camford Eng		2.5	—	1.75	2.5	1.75
Cray Electronics	int	1.24	Apr 7	0.96	—	3.91
Crown TV		2.45	Apr 4	2.45	3.5	3.5¶
Deajan Holdings	int	5	Mar 19	5	—	14
Fleming Fledgeling		1.55	—	1.5	2.55	2.5
Mainmet Holdings	int	‡0.75	—	—	—	1
W. H. Smith A	int	†2.4	Mar 16	2	—	6
W. H. Smith B	int	0.48	Mar 16	0.4	—	1.2

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Excluding 0.7p special.

BOARD MEETINGS

TODAY

Interims: Associated Fisheries, Robert M. Douglas, Equidu, Finlan Group, Home Farm Products, London Shop Property Trust, M.L. Holdings, Neepsend, F. S. Ratcliffe Industries.

Finals: Allied Textile, Argyle Trust, Dawhurst Dent, Domino Printing Sciences, Edinburgh American Assets, Glass Glover, A. Kershaw, Ernest Jones, Kleinfold, Lonrho, Norsk Data, Rank Organisation, TSB.

FUTURE DATES

Interims—	
Howard Shuttering	Feb 3
Second Alliance Trust	Feb 13
Finals—	
Aaronson Bros.	Feb 5
Alliance Trust	Mar 5
Appledore (A. and P.)	Jan 30
Continental and Indust. Tst.	Feb 24
Goode Durrant and Murray	Feb 5
Robinson Bros. (Ryders Green)	Mar 10
Royal Insurance	Feb 26

Courtaulds increases offer for Fothergill to £39m

BY NIKKI TAIT

THE BID battle between Courtaulds, the international textiles, chemicals and industrial products group, and Lancashire-based Fothergill & Harvey—which processes advanced material and manufactures electrical insulation materials—got under way seriously yesterday as Courtaulds upped the value of its offer from £28m to £38.8m.

The initial response from the Fothergill & Harvey board was that the new terms still do not reflect the full value of the group.

However, directors added that they would "consider the offer at length" at a board meeting called for Friday. It was not possible to call a meeting earlier because of the funeral today of former chairman, Mr J. Jordan.

Immediately the new terms were announced, Courtaulds advisers, Hill Samuel, went into the market and by the close had bought around 1.5m shares, raising the company's stake in Fothergill from 0.8 per cent to about 13 per cent. At the first closing date, Courtaulds had received acceptances on behalf of under 1 per cent of the shares.

Under the new offer—which is final—Courtaulds is increasing its cash or loan note terms from 225p to 300p and also supplying a paper alternative. Shareholders can now opt for

Sir Christopher Hogg, chairman of Courtaulds

nine new Courtaulds shares for every 11 Fothergill & Harvey held. With Courtaulds up 4p at 378p, that values each Fothergill & Harvey share at 309p. Yesterday, they jumped 26p to 302p.

Commenting on the increased offer, Courtaulds director Mr Sipko Huismans said that he believed the logic behind the acquisition was sufficiently strong to justify "paying a bit more than we originally intended." He added that Courtaulds, which originally tried to get an agreed offer, was anxious to retain Fothergill's management.

The higher offer followed a strong profits forecast from Fothergill—at least £3.8m in 1987 after an estimated £2.7m in 1986—although Courtaulds has pointed to the various caveats surrounding the prediction.

Regarding Cyfo, Fothergill's joint venture company with American Cyanamid, Mr Huismans said that he did not believe that a buy-out of Fothergill's 50 per cent stake by the US company should be "an automatic assumption" if Courtaulds won the bid.

In the event of a takeover, AC has an option to buy the stake at half Cyfo's net asset value—less than £700,000—although its contribution to Fothergill's 1986 profits is estimated at around £290,000. However, Mr Peter Conway, chief executive at Fothergill, said he had spoken to Mr George Sella, AC's president, who had confirmed his intention to exercise that right.

Mr Conway added that the company's three major shareholders—M&G, Britannic Assurance and Derbyshire County Council, which together hold around 28 per cent of the shares—were waiting to hear the board decision on Friday.

Reed buys Citizen Newspapers

Reed International subsidiary, Northern Counties Newspapers, is paying up to £2m to acquire Citizen Newspapers, which publishes a chain of 14 free newspapers in Lancashire, distributing 415,000 copies every week.

An initial payment of £1.02m will be followed by a further payment related to the company's performance in 1987. Citizen's turnover in its last financial year was £3.5m.

Mr Peter Davis, Reed's chief executive, said the acquisition accords well with the group's strategy of further strengthening its position in the UK regional newspaper market, and in particular in the free sector.

Northern Counties already has 38 newspapers around the north of England.

Daejan rises 18% to £8.7m

Daejan Holdings, the property investment and trading company, reported pre-tax profits 17.7 per cent higher at £8.7m for the six months to September 30 1986.

Rent and service charges less property outgoings rose by 14 per cent from £3.93m to £4.48. Surplus on property sales and other income came to £6.62m (£5.6m), while financing charges and other expenses stood at £2.4m (£2.1m).

Tax was slightly higher at £3.2m (£3m), and minority interests took £14,000 (£8,000).

Earnings per share rose from 26.87p to 33.62p. Directors declared an unchanged interim dividend of 5p.

Directors said they expected a satisfactory increase in year-end profits.

Parkfield deal with Spectrum

Parkfield, the fast-growing USM-quoted engineering and distribution group, is to make its first acquisition of the year with the purchase of a photographic distribution business for £2.15m.

The business is being bought from Spectrum, the troubled USM-quoted distributor of home computer software, which has been obliged to sell its photographic arm to improve its financial position.

Spectrum came to the market three years ago at the height of the home computer boom but turned into losses as the craze fizzled out.

Since then it has been trying to reorganise its remaining distribution activities and improve financial controls.

Yesterday the company reported unaudited figures for the year to June showing pre-tax losses of £1m, down from losses of £2.5m the year before, on turnover of £14.4m (£40.7m).

The ordinary dividend has again been passed and there will be no preference dividend (1985: 10p).

Spectrum said considerable progress had been made on the reorganisation but the group's financial resources had been insufficient to develop its activities.

The proceeds from the sale of the photographic distribution activities will cut bororwings to about £400,000.

Spectrum's main activity now is distributing Bondwell IBM PC compatible computers, which it began last September.

The photographic business had a turnover of £6.3m in the year to last June and Parkfield said gross margins were currently running at about 25 per cent. It will pay for the acquisition through a vendor placing of 1.1m new ordinary shares at 195p.

The business will be integrated with David Anthony Pharmaceuticals, one of Parkfield's distribution subsidiaries.

Parkfield said David Anthony had common customers, an appropriate distribution organisation, and could absorb the business without major additional costs being incurred.

Parkfield's shares closed 9p up at 210p and Spectrum's closed unchanged at 22p.

Freshbake

Freshbake Foods, currently quoted on the Unlisted Securities Market, is to obtain a full Stock Exchange listing by way of an introduction arranged by Kleinwort Benson.

Dealings are expected to commence today.

Camford profits advance 35%

Camford Engineering raised pre-tax profits by 35 per cent from £1.9m to £2.56m for the year ended September 30, 1986, on turnover ahead 5 per cent at £33.82m.

Stated earnings per 25p share rose from 8.4p to 11.58p and the dividend is stepped up to 2.5p (1.75p) net. Tax charge was £363,000 (£309,000) and last time there was also an extraordinary credit of £547,000.

Many earlier acceptors have withdrawn says Simon

BY NIKKI TAIT

WITH the £201m bid by Valuedale for Simon Engineering due to close later today, Simon claimed yesterday that a majority of the previous acceptances have now withdrawn.

By the third closing date, acceptances had been received in respect of just 34,267 shares—0.06 per cent—and, according to Simon, 64 per cent of these have now bowed out.

However, Valuedale's advisors, Schroders, described the announcement as "a good bit of cheek." The acceptances, it pointed out, refer to an earlier offer which Valuedale has since raised. Valuedale, it added, was still "hopeful, rather than massively confident" about today's outcome.

Morgan Guaranty Trust confirmed yesterday that it has agreed ot provide a £90m banking facility to Valuedale to finance the offer, and is willing to offer bonding facilities of £70m if the bid proves successful, with possible increases above that if required.

Last night, Simon shares closed at 219p, compared with the 325p value claimed by Valuedale for its cash, ordinary and preference share offer.

Dealing profit sparks growth at Yelverton

Yelverton Investments, USM-quoted investment concern, revealed a sharp recovery in attributable profits for the year to October 31 1986. Profit before tax came out at £349,000 against £24,000 last time, mainly due to increased earnings on dealings and the sale of securities of £392,000 (£21,000).

Administration expenses accounted for £291,000 against £143,000, but interest payable decreased from £128,000 to £75,000. Tax took £97,000. Last year there was a tax credit of £16,000.

Earnings per 5p share were 2.8p (0.5p). There is again no dividend.

Yelverton may be involved in litigation in respect of its investment in Equitex Inc in August 1983, when none of the present management were involved with the company.

The diretcors stated that any such action would be rigorously defended and that counterclaims may be filed, and in the circumstances consider any provision to be inappropriate.

CARR'S MILLING Industries has placed 400,000 ordinary shares at 215p. The proceeds will be used to reduce gearing incurred by the acquisition of Keytor for £819,500 cash.

I.G. INDEX
FT for January
1,439-1,445 (+4)
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Company Notices

Gaz Métropolitain, inc.
(Incorporated in the Province de Québec)
Canadian $20,000,000
17¼% Debentures due October 15, 1990
Canadian $40,000,000
14¼% Debentures due December 1, 1992

In accordance with the Trust Indenture in respect of the above two issues, notice is hereby given that none of the above Debentures were purchased under either of the Purchase Funds during the calendar year 1986. Hence, as at December 31, 1986 the aggrregate principal amount of the 17¼% Debentures due October 15, 1990 outstanding was Canadian $20 million and the aggregate principal amount of the 14¼% Debentures due December 1, 1992 outstanding was Canadian $40 million.

WOOD GUNDY INC.
Purchase Agent

Electronic Rentals Group plc

Interim Statement Half year to 30 September 1986

The Directors have declared an interim dividend for the year ending 31 March 1987 of 1.1667p net per share, the same as for last year, payable on 27 February 1987 to shareholders on the Register at the close of business on 5 February 1987. Full copies of the report together with the Chairman's comments have been posted to shareholders.

Public Works Loan Board rates

Effective January 28

Years	Quota loans repaid by EIP†	Quota loans repaid A‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid A‡	Non-quota loans A* repaid at maturity§
	%	%	%	%	%	%
1	—	—	10⅞	—	—	11⅜
Over 1 up to 2	10⅜	10½	10¾	11⅛	11⅛	11⅜
Over 2 up to 3	10½	10½	10¾	11⅛	11⅛	11¼
Over 3 up to 4	10⅝	10⅝	10⅞	11⅜	11⅜	11¼
Over 4 up to 5	10⅝	10⅝	10⅝	11¼	11¼	11¼
Over 5 up to 6	10¾	10¾	10¾	10⅞	10⅞	10⅞
Over 6 up to 7	10⅝	10⅝	10⅝	10⅞	10⅞	10⅞
Over 7 up to 8	10⅝	10⅝	10⅝	10⅞	10⅞	10⅞
Over 8 up to 9	10⅝	10⅝	10⅝	10⅞	10⅞	10⅞
Over 9 up to 10	10⅝	10⅝	10⅝	10⅞	10⅞	10⅞
Over 10 up to 15	10¼	10⅝	10½	10⅝	10⅝	10⅝
Over 15 up to 25	10⅝	10½	10½	10½	10½	10½
Over 25	10½	10½	10½	10⅜	10⅜	10⅜

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

APPOINTMENTS

Furness Withy managing director

Mr John E. Keville has been appointe dmanaging director of FURNESS WITHY & CO. Sir Brian Shaw continues as executive chairman but is giving up as managing director to devote more time to outside interests. Mr Robert H. A. Chase, Mr John Hsia and Mr Michael D. Revell have been appointed directors. Mr M. H. Liang, Mr Tom R. Pulley and Mr C. C. Tung are retiring from the board. Furness Withy is owned by the C. H. Tung Group of Hong Kong. Mr Keville has been a director of Furness Withy since 1977 and he will continue as chairman and managing director of Furness Withy (Shipping). The three new board members will all be non-executive. Mr Chase and Mr Hsia are based in Hong Kong and are newly-appointed directors of the Tung Group company Orient Overseas (Holdings). Mr Revell lives in the UK and recently retired from Marine Midland Bank. Mr Pulley has been a director of Furness Withy since 1976 and was finance director until he retired from full-time executive duties in 1984.

★

Mr George Russell, chief executive of Marley and a member of the Independent Broadcasting Authority from July 1979, until the end of last year, has been appointed deputy chairman of CHANNEL 4 by the IBA. He is one of three appointments to the board. The others are Professor David Vines, Adam Smith, Professor of Political Economy in the University of Glasgow, and Mrs Eleri Wynne Jones, who works with the Marriage Guidance Council and has been a member of the Welsh Fourth Channel Authority for three years. Her appointment there has been extended for a further five years. The appointments are for five years. Mr Russell succeeds Sir Richard Attenborough who became the first deputy chairman in June 1980. Sir Richard will remain on the Channel 4 board as an ordinary member for a further two years.

★

Mr Richard Connell has been appointed managing director of MIM Development Capital and Britannia Development Capital. Both companies are part of BRITANNIA ARROW HOLDINGS. He was with Investors in Industry (3i) where he was a local director in London.

★

KODE INTERNATIONAL has appointed Mr Hugh A. Thomas as group finance director. He will continue as company secretary.

★

POLYMARK BEAVER EQIUPMENT has appointed Mr Mike Wright to the board as technical director from February 1. He was chief engineer.

★

Mr John Lamb has been appointed managing director of LAING PROPERTIES (UK).

★

ATCO, Stowmarket, has appointed Mr Roger Russell-Smith as technical director and Mr Ian Doughty as manufacturing director. Mr Russell-Smith was engineering director for Polymark. Mr Doughty worked for Coldflow as works director.

★

The management board of the ENGINEERING EMPLOYERS' WESTERN ASSOCIATION has appointed Mr Michael E. Kelsey as its new director and chief executive designate from February 1. He will take over as chief executive on October 1 following the retirement of Mr John West. Mr Kelsey was chairman and managing director of Crouse Hinds (Europe). On February 1 Mr West becomes chairman and chief executive until his retirement at the end of September.

★

BFF, Courtaulds nonwoven fabrics producer and converter, has appointed Dutch-born Mr John Bouma as chairman. He was managing director and operations director of Lantor International. Mr Csaba Lengyel de Bagota, born in Budapest but English-educated, has joined BFF as commercial director. He was managing director of the Dunlop marketing company in Belgium.

★

Mr William R. J. Stacey has been appointed commercial director of IMI REFINERS. He was commercial manager.

★

SSD, a Eurotherm International group company, has appointed Mr Peter Vos as financial director. He joins SSD (formerly Shackleton System Drives) after various posts within Eurotherm including group finance manager.

★

EUROPEAN PROFILES has appointed Mr Mike Davies as managing director. He succeeds Mr John Davis, who has resigned to pursue private interests, but will continue as non-executive chairman of Inter Profiles A/S in Denmark. Mr Davies was works director.

★

MORGAN GRENFELL SECURITIES HOLDINGS has appointed Mr Charles Peel to the Morgan Grenfell Group in New York to assist in the development of worldwide equity business. He was a partner in the London stockbroker, Fielding Newson-Smith, and is currently a managing director with County Securities. Mr Peel will be on secondment to Morgan Grenfell Inc where he will initially assist in developing the opportunities arising from the acquisition of C. J. Lawrence and Co, Inc, US brokerage house and New York Stock Exchange members. It is expected that Mr Peel will take up his post in New York by the end of February.

★

Mr D. P. Donoghue, Mr P. T. Osborne and Mr A. G. Smith have been appointed directors of ROPNER INSURANCE HOLDINGS from February 2.

★

Mr Malcolm Crone, manager of the Shellhaven Tanker Agency, has become an associate director of DAVIES & NEWMAN.

★

Mr Nicholas Gent has been appointed a director of MONTAGU LOEBL STANLEY FINANCIAL SERVICES.

★

Mr Ian A. Thomison has been made an executive director of NICKERSON INVESTMENTS. He joined the company as sales director of E. Nickerson in 1975, and subsequently became managing director of Nickerson Ultrason, E. Nickerson, Nickerson Chemicals and Ashworth Kingsbury.

★

MULTI CONSTRUCTION (UK) has appointed Mr Roger L. Mower as managing director of its subsidiary company A. Roberts, Wimbledon. This follows the resignation of Mr C. M. Adams as director and general manager of A. Roberts and as a director of Multi Construction (UK).

★

Mr David Benson has been appointed to the board of KLEINWORT BENSON LONSDALE.

★

Mr Brian Hugh-Jones has been appointed a director of CURRENCY BROKERS INTERNATIONAL.

★

The RETAIL CONSORTIUM and the BRITISH RETAILERS' ASSOCIATION have appointed Mr Richard Weir as director-general and director, respectively, from February 1. He was the first director of the Retail Consortium when it was established as a separate entity in January 1975, until February 1981 when he became secretary-general of the Building Societies Association.

★

The board of recently-formed KINGSWAY GROUP is: Mr H. Schmidt-Hansen (chairman), Mr B. S. Prime (managing director), Mr A. Bertlesen, Mr P. From, Mr E. Strojer, and Mr D. A. Thornley. Nymoelle Stenindustri is now a member of the group. It controls the largest quarrying operation in Denmark. The following board appointments have been made: Mr Schmidt-Hansen (chairman), Mr E. Dam Hansen (managing director), Mr Prime. The board of Ryarsh Brick, a member of the group, is now: Mr Schmidt-Hansen (chairman and managing director), Mr J. F. Dunn (works director), Mr G. A. Gardner (sales director), Mr N. J. Bright and Mr Prime. Celcon Blocks, a member of the group, has appointed Mr Eric Gifford as finance director. The rest of the board is: Mr Schmidt-Hansen (chairman), Mr Prime (managing director), Mr Bright (deputy managing director), Mr Bertelsen (non-executive), Mr A. H. D. Hagger (marketing director), Mr W. R. Thomas (production director), Mr R. W. Thomasson (sales director).

★

Ms Stephanie G. Monk has been appointed a director of LONDON INTERNATIONAL GROUP. She is a member of the group policy committee with executive responsibility for personnel and internal and external communications.

★

EUROPEAN PROFILES has appointed Mr Mike Davies as managing director. He succeeds Mr John Davis, who has resigned to pursue private interests, but will continue as non-executive chairman of Inter Profiles A/S in Denmark. Mr Davies was works director.

★

Mr Stanley Wright has been appointed to the board of JAMES FERGUSON HOLDINGS as a non-executive director. He is a partner in Price Waterhouse and Partners, chairman of both Wolstenhome Rink and Royal Trust Asset Management and a director of Royal Trust Bank. Mr David Mitchell and Mr Leonard Lass have both resigned to concentrate on other business interests.

★

Mr Gordon Campbell and Dr David Giachardi have been appointed executive directors of COURTAULDS, Mr Campbell will become director responsible for the pulp group in succession to Dr G. B. Turner, who is to retire. Dr Giachardi will become the director responsible for research in succession to Dr N. S. Wooding, a deputy chairman of Courtaulds, who retires on April 20. Mr R. M. Woodhouse, a deputy chairman, will take over Dr Wooding's responsibility for personnel.

★

AMERICAN EXPRESS TRAVEL RELATED SERVICES has made two senior management appointments in London for its card, travel and travellers cheque businesses in Europe, the Middle East and Africa. Mr Juergen Aumueller has been appointed president, travel related services (TRS), Europe, Middle East and Africa, from February 1. He will continue his management responsibilities for American Express, TRS Germany. Mr John E. Stuart, senior vice president and general manager UK and Ireland, is appointed president, TRS UK and Ireland, establishing the company's sixth geographical region.

★

Mr Mike Musk has been appointed financial controller of MULTISOFT SYSTEMS.

CONTRACTS

Livingston factory project

M. J. GLEESON GROUP secured contracts worth over £7m. In Scotland the largest is a £3.2m order to build five high tech factory units and associated works on the Kirton Campus Livingston for the Livingston Development Corporation. Gleeson has also been awarded a contract to refurbish the existing officers mess at RAF Leuchars for the Property Services Agency; and for the Scottish Special Housing Association the modernisation of a number of timber homes at Kirknewton, West Lothian worth £300,000. In Hull, Gleeson has started on an extension to Armstrongs (Hull) factory for Permagon Press. The work, valued at £1.2m is to be complete in 11 weeks. In Oldham for North British Housing Association, Gleeson is to build 41 sheltered units at Wilson Street Asda/MFI Group is developing a store and Gleeson has secured a package worth £522,000. In Sheffield, where the company started over 80 years ago, Gleeson is to construct a fire appliance building for South Yorkshire Fire and Civil Defence Authority worth £132,000.

★

SIR ROBERT McALPINE AND SONS has been awarded a contract worth £2.25m by Marples International for laying foundations and underground drainage system and construction of the superstructure for Phase II of the South Quay Plaza in Marsh Wall, London. The work comprises construction of pile caps, base slabs and the reinforced concrete frame for the ten-storey office block which will be built using the table form method of construction. The project is due for completion in October 1987.

★

TAYLOR WOODROW Construction is to provide project management services during the construction of a £5m tourist complex in the Algarve, Portugal. The company will be acting on behalf of Pulsar, a Lisbon-based company, which is developing the site—set in rolling countryside five miles from Portimao. Work starts this year, with the houses, which will be built in two phases, scheduled for completion by the end of 1989. The 250 one- and two-bedroom houses will be of Mediterranean-style design and materials. They will be terraced and built around cobbled courtyards to create a village atmosphere. Swimming pools will be among the scheme's recreational facilities and there are two lakes in the surrounding countryside.

★

SHEPHERD CONSTRUCTION has won a contract worth £2.8m to build a logistics centre at Warrington for CLO Funding and Digital Equipment Company. A tight construction programme calls for the project to be completed in 27 wekes. The project combines the construction of a building containing warehouse, production and office areas, together with external works which include an underground water storage tank for a sprinkler system. The building, which is mainly single-storey, will provide 60,000 sq ft of floor area. Site work has started, for completion in June.

★

GRAHAM WOOD STRUCTURAL has been awarded a £1.7m contract by management contractor Laing to fabricate and erect the structural steelwork for Associated Newspapers' new printing works in the Surrey Docks. The company has also been awarded by Laing a £1.1m contract to supply the composite steel frame for Rosehaugh Greycoat's 2 Finsbury Avenue. Other contracts include the Brighton Carrefour superstore (£600,000) and three City of London refurbishment projects, 11/12 Finsbury Square, 36 Dover Street, and 2/5 The Minories (total value £1.4m). Graham Wood's subsidiary, Blight & White of Plymouth, has secured a major structural steelwork contract in the Docklands, Hertsmere House (£700,000), the second phase of the Prudential's shopping mall, the Pavilions, at Uxbridge (contract value £1m), plus the Potters Bar headquarters for Canada Life (£300,000).

£18m workload for Trafalgar House

The building and civil engineering division of TRAFALGAR HOUSE has secured contracts worth £18m. For Cementation Construction these include a £3.4m contract for about 68,000 sq metres of new concrete pavement apron, taxiways and linking pavement at Glasgow Airport western apron extension for British Airports Authority, and infrastructure works worth £2.9m comprising roadways and damage services for Bradley Stoke Developments at Parkway, near Bristol.

Other contracts awarded to Cementation Construction totalling £1.6m include brick and concrete repairs on two 17-storey blocks of flats at Lavender Street, Brighton, for the borough of Brighton, worth £0.2m. A £1.1m contract at Boroughbridge, York, for the Yorkshire Water Authority comprises sheet piling, reinforced concrete structures and associated builders work. Smaller contracts worth £300,000 include earthworks and demolition for RTZ Estates at West Thurrock, Essex; and design consultancy services on the Fawdon railway bridge, Newcastle for Bullen and Partners, Durham.

Cementation Mining has been awarded two contracts from British Coal totalling £800,000. The first, at Parsonage Colliery, comprising a 695 metre cross-measure drivage and associated works. Underground drivages will be carried out at Bevercoates Colliery. For ICI at Winsford, Cementation Mining has a contract worth £900,000 for underground roadworks.

Cementation Piling and Foundations has three projects with a total value of £1.2m. The first, for Taylor Woodrow Construction, comprises 729 Frankl driven piles to carry a working load of 90 tonnes. The contract is for a Tesco store at Surrey Quays in London's Docklands. The second contract, for B and (Retail), involves the consolidation of old mine workings at Milton Road, Edinburgh. The third project is for large diameter piling including a bored pile retaining wall for Wimpey Management Contracts at Crutched Friars, EC3.

Willett has secured work worth £6m. Largest of five awards is the fitting out of premises for Tesco Stores at Beverley Way, New Malden, valued at £2.2m. Other projects include: construction of a food processing factory at Rainham, for Tilda Rice worth £2.1m; alterations to premises and construction of a two-storey steel-framed extension for the British Gas Corporation, at Leigh on Sea, Essex, worth £800,000; alternations and refurbishment to bank premises and extensions into adjoining property for the National Westminster Bank at Cornhill, Bridgwater £600,000); and £300,000 order for encapsulation works and refurbishment of the former control tower at Brooklands industrial estate, byfleet, for Trafalgar Brookmount.

Trollope and Colls City has three projects totalling £800,000, including alterations and extensions to the dealers' room for the Toronto Dominion Bank at Triton Court, Finsbury Square, EC2; extensions to the fourth floor dealers' area for Sanyo International at Roman House, Wood Street, EC2; and refurbishment to four floors for Woolworth Holdings at Marylebone Road, NW1.

Cementation Sico has secured a US$2.2m (£1.43m) refurbishment contract from the Gulf Hotel (Oman) Company, near Muscat.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1980=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unemployed	Vacs.
1985							
2nd qtr.	109.1	104.5	100	114.9	141.4	3,174	161.7
3rd qtr.	108.2	103.9	104	116.1	145.2	3,124	164.4
4th qtr.	108.4	103.6	106	116.7	177.7	3,122	168.2
1986							
1st qtr.	108.4	102.6	106	122.2	145.4	3,171	166.5
2nd qtr.	108.9	103.5	106	122.9	152.7	3,208	175.6
3rd qtr.	110.5	104.5	99	123.1	157.4	3,212	200.2
4th qtr.						3,142	213.6
May	108.5	103.1	100	118.5	149.8	3,205	172.1
June	107.8	103.3	105	121.7	155.4	3,229	184.4
July	110.1	104.8	99	120.9	158.2	3,223	193.2
August	110.5	104.4	94	122.0	155.2	3,219	201.1
September	111.0	105.5	104	123.2	158.7	3,192	206.4
October	109.2	105.6		123.2	164.7	3,186	212.8
November	110.0	105.7		126.4	182.1	3,145	215.2
December				125.9	3,114	210.9	

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Consmr. goods	Invest. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1985							
2nd qtr.	103.3	105.2	112.8	105.7	117.7	102.0	18.2
3rd qtr.	104.2	102.5	113.1	103.8	116.2	103.2	17.2
4th qtr.	102.7	102.7	112.5	103.3	114.6	102.4	15.6
1986							
1st qtr.	103.1	102.5	115.5	102.1	111.2	103.1	14.2
2nd qtr.	104.3	100.5	114.3	102.0	110.9	102.3	19.8
3rd qtr.	105.1	101.3	117.0	103.5	107.7	102.4	18.9
May	103.8	100.4	114.2	102.0	111.0	100.0	19.2
June	104.4	99.40	112.7	101.0	113.0	104.0	21.5
July	106.2	100.8	116.3	103.0	109.0	100.0	20.8
August	106.4	100.3	117.8	102.0	106.0	104.0	16.6
September	106.6	101.7	117.5	104.0	108.0	102.0	19.3
October	106.7	101.2	115.2	104.0	115.0	101.0	20.0
November	106.8	101.6	115.2	104.0	116.0	103.0	15.0

EXTERNAL TRADE—Indices of export and import volume (1980=100); viable balance; current balance (£m); oil balance (£m); terms of trade (1980=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Reserve US$bn*
1985							
2nd qtr.	120.5	124.8	−124	+1,587	+2,411	97.8	14.32
3rd qtr.	116.3	124.1	−440	+1,445	+1,900	100.2	14.18
4th qtr.	118.9	127.9	−292	+904	+1,893	101.6	15.54
1986							
1st qtr.	116.9	125.7	−1,437	+549	+1,929	101.0	18.75
2nd qtr.	121.8	128.6	−1,579	+275	+750	102.5	19.29
3rd qtr.	123.3	139.1	−2,934	−781	+688	103.3	22.43
May	121.1	131.6	−681	−63	+215	102.1	19.17
June	121.9	130.5	−630	−12	+267	103.7	19.29
July	126.3	134.9	−636	+115	+240	103.2	19.08
August	117.0	142.9	−1,514	−763	+189	104.0	18.93
September	126.5	139.5	−885	−134	+268	102.5	22.43
October	125.3	140.6	−835	−25	+184	102.2	21.99
November	121.5	146.3	−1,083	−233	+334	101.3	22.01
December							21.92

FINANCIAL—Money supply M0, M1 and sterling M3, (three months' growth at annual rate) bank sterling lending to private sector; building societies' net inflow; HP†, new credit; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank lending £m	BS inflow £m	HP lending† £m	Base rate %
1985							
3rd qtr.	2.6	20.5	15.3	+4,625	1,771	3,374	11.50
4th qtr.	2.9	17.0	12.9	+5,378	2,299	3,431	11.50
1986							
1st qtr.	4.1	21.4	19.3	+6,202	2,229	7,385	11.50
2nd qtr.	3.1	26.0	27.4	+6,489	1,433	7,658	10.00
3rd qtr.	5.9	20.7	15.6	+6,801	168	8,304	10.00
April	1.2	22.2	25.2	+1,458	756	2,742	11.50
May	4.3	27.1	25.8	+2,017	500	2,372	10.00
June	3.9	28.5	21.6	+3,014	177	2,543	10.00
July	5.4	34.4	20.8	+3,287	387	2,719	10.00
August	5.7	22.4	8.4	+2,703	452	2,678	10.00
September	6.6	34.5	17.9	+831	−671	2,907	10.00
October	6.3	18.7	14.4	+3,521	1,951	2,806	11.00
November	6.4	27.7	18.8	+3,896	100	2,585	11.00
December					703		11.00

INFLATION—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesale prices of manufactured products (1980=100); retail prices and food prices (Jan 1974=100); Reuters commodity index (Sept 1931=100); trade weighted value of sterling (1975=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	Reuters* cmdty.	Sterling
1985							
4th qtr.	176.9	132.6	141.4	378.1	337.4	1,771	79.8
1986							
1st qtr.	179.1	132.4	143.4	380.8	343.3	1,813	75.1
2nd qtr.	184.0	125.8	145.7	385.7	349.5	1,453	76.1
3rd qtr.	187.4	120.8	146.3	386.1	348.1	1,544	71.9
4th qtr.		127.3	147.4	391.0	348.3	1,637	68.2
May	182.3	126.4	145.9	386.0	349.8	1,763	76.1
June	185.7	124.2	145.8	385.8	351.4	1,453	75.9
July	187.9	119.8	146.0	384.7	347.4	1,460	74.0
August	187.2	120.3	146.3	385.9	348.6	1,461	71.4
September	186.8	122.4	146.7	387.8	348.3	1,544	70.4
October	188.3	124.3	147.0	388.4	347.6	1,606	67.8
November	191.0	127.5	147.4	391.7	347.5	1,617	68.5
December		130.2	147.8	393.0	349.8	1,637	68.4

* Not seasonally adjusted.
† From January 1986 includes amounts outstanding on credit cards.

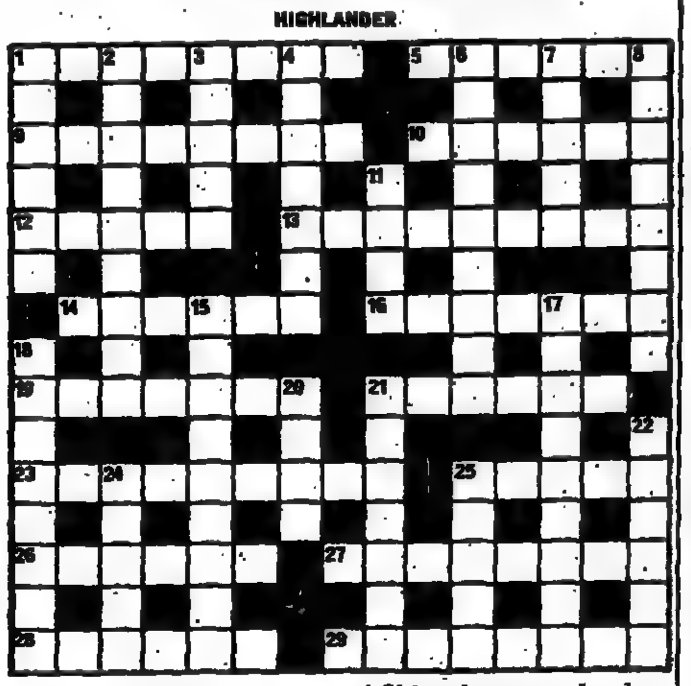
AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

FT CROSSWORD PUZZLE No. 6,239

HIGHLANDER



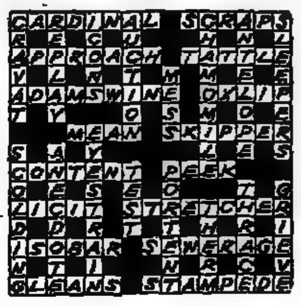
ACROSS

1 There's no round curve in my sort of ruling (8)
5 Regular feature causes row (6)
9 Doctor spotted taking skeleton (8)
10 Here and there overtake one on motorway (6)
12 Organ which reproduces oxygen change (5)
13 Tailor keeps old hat in better shape (9)
14 Film about Rugby, showing snow-covered slope (3-3)
16 What's left live to hunt? (7)
19 Gold crowns? Begin your body check (7)
21 Planned a family, so to speak (6)
23 Housed to outdo another rider (9)
25 Mean to be secure (5)
26 A free broadcasting service (6)
27 *Up above*, another king would be listened to (6)
28 Chaperon expected girl back (6)
29 Fire officer puts an end to dance (8)

DOWN

1 *The Talisman*, written where the master used to sleep (6)
2 The place of course to find customers (9)
3 Noise made by cow caught up in line is extensive (5)
4 States dance can be done *how?* (7)
6 Squalid mongrel clutched by old English slave-girl (9)
7 Increased group turnover (5)
8 Good at figures? What is charge based on new menu? (8)
11 Go back as creatures of the night (4)
15 Snake-like fabric: pin it up (9)
17 Sprice and always popular (9)
18 Fat round pig left for old salt (8)
20 *Story that is spun out to some* length (4)
21 Confound foundation with base (7)
22 Outside isn't finished but workshop can be built ... (6)
24 ... because some of it's in *cement construction* (5)
25 Play retains most of the spirit (5)

Solution to Puzzle No. 6,238



AUTHORISED UNIT TRUST & INSURANCES

Growth & Sec. Life Assce. Soc. Ltd
23 Bolton Rd, Haywards Heath, W. Sussex 0444 413307

Flexible Finance		176.55	—	—
Landbank Secs.		67.62	—	—
Landbank Secs. Acc.	215.07	229.15	—	—
G. & S. Super Fd.		13.1530	—	—

Guardian Royal Exchange
Royal Exchange, EC3 01-283 7101

Guardian Assurance				
Property Bonds	401.6	418.3	—	—
GRE Linked Life Assurance Ltd				
Managed Initial	340.3	358.2	+2.7	—
Do. Accum.	406.7	428.1	+3.2	—
Equity Initial	448.5	472.2	+6.7	—
Do. Accum.	536.1	564.4	+8.1	—
Fixed Int. Initial	238.2	250.7	-0.5	—
Do. Accum.	284.7	299.7	-0.5	—
Intl. Initial	390.1	410.6	+3.2	—
Do. Accum.	466.3	490.8	+3.9	—
North American Initial	146.2	153.9	+1.8	—
Do. Accum.	159.0	167.4	+2.0	—
Pacific Initial	219.9	231.5	+2.0	—
Do. Accum.	236.9	249.4	+2.1	—
European Initial	99.7	104.8	-0.3	—
Do. Accum.	100.2	105.4	-0.2	—
Property Initial	140.1	147.5	—	—
Do Accum.	167.2	176.0	—	—
Index-Linked Gilt Init.	97.5	102.7	-0.7	—
Do. Accum.	106.1	111.7	-0.8	—
Deposit Initial	139.7	147.1	—	—
Deposit Accum.	167.0	175.8	—	—
GRE Pensions Management Ltd				
Pens. Managed Initial	375.7	395.5	+4.7	—
Pens. Managed Acc.	438.9	462.0	+5.5	—
Pens. Equity Initial	522.3	549.8	+7.8	—
Pens. Equity Acc.	610.2	642.3	+9.2	—
Pens. Fxd.Int. Initial	270.4	284.6	-0.6	—
Pens. Fixed Int. Acc.	315.9	332.5	-0.6	—
Pens. Int'l Initial	378.9	398.8	+6.0	—
Pens. Int'l. Acc.	442.6	465.9	+7.1	—
Pens. Prp. Initial	161.0	169.5	—	—
Pens. Prp. Acc.	187.8	197.7	—	—
Pens. Ind-Lkd. Gilt In.	113.5	119.5	-0.9	—
Pens. Ind-Lkd. GLAc.	123.5	130.0	-1.0	—
Pens. Dep. Initial	181.9	191.5	—	—

Liberty Life Assurance Co Ltd
Station Rd, New Barnet 01-440 8210

Sel Sec A	33.2	35.0	—	—
Managed	27.3	28.8	—	—
Equity	21.5	22.7	—	—
Blue Chip	30.4	32.0	—	—
Special Sits	30.2	31.8	—	—
International	38.9	41.0	—	—
European Fund	—		—	—
American	25.4	26.8	—	—
Pacific	34.4	36.3	—	—
Property	24.7	26.0	—	—
Fixed Yield	22.2	23.4	—	—
Int Currency	17.4	18.4	—	—
Deposit	18.3	19.3	—	—

London A'deen & Nthn. Mtl. Assur. Ltd
129 Kingsway, London WC2B 6NF 01-404 0393

'Asset Builder'	104.0	110.5	—	—

London Indemnity & Gnl. Ins. Co Ltd
18-20 The Forbury, Reading 583511

Money Mgt Jan 15	116.5	125.0	—	—
MM Flexible Jan 6	91.27	97.7	—	—

London Life
100 Temple St, Bristol BS1 6EA 0272-279179

Assurances				
Equity		479.2	—	—
Fixed Int.		218.0	—	—
Property		240.7	—	—
Deposit		174.3	—	—
Mixed		336.1	—	—
Index Stock		120.8	—	—
International		176.9	—	—
Assurances—Series A				
Equity (A)		112.5	—	—
Fixed Interest (A)		98.2	—	—
Property (A)		107.1	—	—
Deposit (A)		103.7	—	—
Mixed (A)		108.5	—	—
Index Stock (A)		95.7	—	—
International (A)		111.9	—	—
Pensions				
Equity (P)		394.8	—	—
Fixed Int.(P)		247.8	—	—

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

Money Market Trust Funds

Money Market Bank Accounts

Wimbledon & South West Finance Co Ltd
214 Newgate St, London EC1A 7AE. 01-606 9485

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayer—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yield % (shown in last column) allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	27	MEI	8
Amstrad	15	Nat West Bk.	48
BAT	35	P & O Dfd	45
BOC Grp.	28	Plessey	16
BSR	11	Polly Peck	16
BTR	26	Racal Elect.	15
Babcock	16	RHM	24
Barclays	42	Rank Org Ord	45
Beecham	40	Reed Intnl	25
Blue Circle	55	STC	13
Boots	22	Sears	12
Bowaters	32	TI	40
Brit Aerospace	42	TSB	8
Brit. Telecom	17	Tesco	34
Burton Ord	26	Thorn EMI	42
Cadburys	17	Trust Houses	25
Charter Cons.	24	Turner Newall	18
Comm Union	28	Unilever	140
Courtaulds	26	Vickers	36
FNFC	17	Wellcome	17
Gen Accident	75	Property	
Gen Electric	15	Brit Land	16
Glaxo	85	Land Securities	38
Grand Met.	40	MEPC	32
GUS 'A'	85	Peachey	24
Guardian	75	Oils	
GKN	24	BOM	$3\frac{1}{2}$
Hanson Tst.	18	Brit Petroleum	50
Hawker Sidd.	42	Burmah Oil	32
ICI	75	Charterhall	4
Jaguar	42	Premier	$3\frac{1}{2}$
Ladbroke	32	Shell	65
Legal & Gen	20	Tricentrol	8
Lex Service	32	Ultramar	17
Lloyds Bank	38	Mines	
Lucas Inds	46	Cons Gold	62
Marks & Spencer	18	Lonrho	22
Midland Bk.	48	Rio T Zinc	62
Morgan Grenfell	26		

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

Uranium Institute forecasts sharp cut in demand

BY DAVID FISHLOCK, SCIENCE EDITOR

TECHNICAL PROGRESS in conserving nuclear fuel should cut demand for uranium by up to 14 per cent by 1995, and up to 20 per cent by the year 2000.

These are estimates of the Uranium Institute, London-based think tank of the international uranium industry, representing both producers and users of nuclear fuel.

The institute cites better fuel management in nuclear reactor, the re-use of uranium and plutonium, and more efficient enrichment of uranium among the factors which help save nuclear fuel. The table shows how they influence uranium procurement.

For the first time for more than a decade demand will match supply fairly closely, it forecasts.

"The year 1985 was the first year in the history of the commercial uranium industry that production was less than requirements," it states.

But it warns that a threat to stability in the world uranium market could be the US.

Canada has displaced the US *as the world's largest uranium* supplier.

But the US, with the greatest number of nuclear plants in operation — over 100 — could destabilise the market with import restrictions.

It has almost 6,000 tonnes of annual capacity which it could bring on-stream by the end of 1988, the institute says in its latest study of uranium supply and demand.

The institute has no doubt that *re-activating this US* capacity would have a major impact on the balance of supply and demand outside the US.

FACTORS AFFECTING FUEL NEEDS
(percentage impact)

	1995	2000
Advanced fuel management scheme	+ 9.6	−13.2
Extended operating cycles	+ 2.5	+ 2.5
Power increase	+ 3.4	+ 3.3
Capacity factors	+ 3.4	+ 5.2
Subtotal	− 0.3	− 2.2
Recycling reprocessed products	− 8.7	− 9.0
Variable tails assay option	− 5.4	− 9.0
Net impact	−14.4	−20.2

Source: Uranium Institute

But it is unsure whether the US ban on imports of South African uranium will influence US production capacity.

The report says that although it is too soon to make full assessment of the consequence of the Chernobyl accident in the USSR, it does not expect this to cause reactor closures outside that country, or the abandoning of plant already under construction.

It concludes that Chernobyl is "likely to have relatively little impact on the western world's uranium supply and demand balance" between now and the year 2000.

It estimates that installed nuclear electricity capacity will increase by 45 per cent over the 1986 level by 1995, and by 63 per cent by the year 2000, to a total of 373,000 Mw.

Uranium procurements are forecast to increase from 41,600 tonnes of uranium in 1990, to 48,500 tonnes in 1995, and 51,700 tonnes in 2000.

The uranium market 1986-2000. Published by the Uranium Institute, 12th Floor, Bowater House, 68 Knightsbridge, London SW1X 7LT. £30.

EEC farmers call for more protection against imports

BY TIM DICKSON IN BRUSSELS

A PLEA for greater protection against cheap food imports from outside the EEC forms the basis of a blistering new attack on the "current orientation" of the Common Agricultural Policy due to be published today.

The survival of the CAP and the future cohesion of the European Community are at stake, warns Copa, the Committee of Agricultural Organisations in the EEC and probably the major European farm lobbying group.

In what amounts to its first general policy discussion paper fo rsome time, Copa claims that the EEC authorities are "unilaterally penalising producers in the Community without offering any prospects for the future of European agriculture."

The main criticism, however, is of wht it calls the lack of "coherence" between internal and external policies for certain commodities. The group accepts that "there is an over-supply problem in several production sectors," but considers that "this is partly due to imports of identical and substitute products which are ollowed to compete at much lower prices than those for Community produce."

It adds "Within the Community this leads to high and unforeseeable budgetary expenses depending on such factors as world prices and exchange rates which cannot be controlled."

NO 16—8/8‡

Copa cites its previous proposals to establish price coherence in the oils and fats sector by fixing minimum prices, plus its proposals for a world commodity agreement to stabilise prices and supplies in the protein feed sector and recalls that it has for many years asked the Community to negotiate agreements with trading partners with the aim of stabilising imports of cereals substitutes (such as corn gluten feed).

"As experience has shown it has not been possible to reach the objective of stabilisation through such agreements," Copa observes, "we request that these products be subjected to the normal import levy system fixed by the Common Market organisations on the basis of their feed value."

Copa warns that if efforts to restore market balance are pursued only through the Community's internal policy, the consequence will be "totally unacceptable cuts in prices and/or quotas and/or adoption of other measures to reduce production. The Community will lose both internal and external markets."

Farmers would be compelled to claim direct income aids at unsustainable financial costs to the Community leading to "the renationalisation and destruction of the CAP."

Coffee producers seek return of quotas

By Our Commodities Staff

COFFEE PRODUCING nations yesterday signalled their desire for the speedy reintroduction of quota controls on exports in order to counter the recent weakness in prices.

On the first day of a producers' meeting at the International Coffee Organisation (ICO) meeting in London, they were said to have "almost *unanimously*" agreed on the need to reintroduce quotas as soon as possible. According to their spokesman, Mr Jorio Dauster of Brazil, they are working on the basis of total exports of 58m bags, with market shares distributed on the same formula as had been in force for four years before quotas were suspended last February.

Mr Dauster also said Brazil was prepared to declare an export shortfall of 1m bags as a result of the drought which drastically reduced its 1986 coffee crop, if quotas are allowed to come into force on March 1. This amount would then be available for redistribution among other ICO exporters.

Coffee importing nations, which will consider the producers' proposals at an ICO board meeting next week, are keen to introduce more flexibility into the agreement in return for allowing the re-imposition of quotas.

● Coffee available for export in the 1986-87 (October/September) coffee year from ICO exporting members is estimated at 91.48m bags (60 kgs each), an organisation document shows.

The breakdown includes Brazil, 19.88m; Colombia, 18.16m; Indonesia, 6.36m; Ivory Coast, 4.83m; and Uganda, 4.56m. The document puts availability of robusta coffee at 23.22m and "other milds" at 19.62m.

The total availability is comprised of 1986-87 exportable production of 66.49m bags plus net opening stocks on October 1 1986 of 24.99m.

Exports by ICO exporting members in the first quarter of the 1986-87 coffee year dropped sharply to 12.39m bags from 17.48m in the same 1985-86 period, preliminary ICO statistics show.

Exports to all ICO members fell to 11.10m from 15.71m bags while exports to non-members fell to 1.28m from 1.77m.

Australian farmers face further income decline

BY CHRIS SHERWELL IN CANBERRA

AUSTRALIA'S hard-pressed farmers, though performing better than had been expected last year, continue to face a decline in real incomes as the sector's structural problems become more apparent.

That was the verdict of the Government's Bureau of Agricultural Economics (BAE), delivered yesterday at the start of the three-day National Agricultural Outlook Conference.

The conference, held annually in Canberra, is a key farm event in Australia, which is a major world exporter of wheat and *other grains*, wool and sheepmeat. The country also produces sugar, fruit, and cotton and has sizable fishery and forestry industries.

Giving its authoritative projections for 1986-87 and subsequent years, the BAE said the gross value of rural production would rise 5 per cent this year to A$16.35bn (£7bn) with gains in beef (up 18 per cent) and wool (up 11 per cent) offsetting declines in wheat (down 13 per cent) and other grains.

With farm costs rising 4 per cent to A$12.72bn, the net value of farm production is put at A$3.6bn—up 7 per cent, but about the same in real terms as 1985-86.

The longer-term trend in this figure, however, is downwards. Already it is 40 per cent lower than in 1979-80, and on the BAE's assumptions it will remain steady for three years and resume its decline by 1990.

On the export front, projected earnings of A$11.2bn for 1986-87 are only 4 per cent down on last year's record level, despite a sharp 25 per cent decline in *wheat exports*.

The position reflects sustained increases in wool and beef prices in Australian dollar terms. The currency itself has undergone a significant depreciation against the US dollar since early 1985.

Medium-term trends show a significant switch by farmers *from cropping to livestock production*. The area planted to cereals is expected to decline further to 10.3m hectares by 1990, having peaked at 18.8m hectares in 1983-84.

The expansion in sheep numbers is continuing meanwhile, and the national flock is expected to rise to 167m by 1990 after a low of 133m after the drought of 1982-83. Cattle numbers are also showing a steady rise.

The BAE points to a possible oversupply and a price slump, and warns that this could come sooner than expected if its estimates prove to be conservative.

Farmers who shift into livestock production are making a major and risky investment, it adds, and are doing so in the face of warnings that reasonable livestock prices may be short-lived.

Opening the meeting, Mr John Kerin, the Minister of Primary Industry, said most of the deterioration in the farm sector was due to the decline in world prices for cereal exports.

But he added pointedly that "the subsidisation and protection policies of some of the most powerful industrial countries are a major cause of our problem."

He said Mr Bob Hawke, the Prime Minister, would be announcing a major initiative in Switzerland today aimed at immediate progress on the international issue of agricultural export subsidies. But he gave no details.

WEEKLY METALS

All prices as supplied by Metal Bulletin (last week's prices in brackets).

ANTIMONY: European free market, 99.6 per cent, $ per tonne, in warehouse, 2,300-2,350 (2,280-2,350).

BISMUTH: European free market, min. 99.99 per cent, $ per lb, tonne lots in warehouse, 2.10-2.25 (same).

CADMIUM: European free market, min. 99.95 per cent, $ per lb, in warehouse, ingots, 0.89-0.93 (0.88-0.92), sticks, 0.89-0.93 (0.88-0.92).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 5.85-6.05 (6.10-6.30).

MERCURY: European free market, min. 99.99 per cent, $ per flask, in warehouse, 165-170 (158.170).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 3.10-3.15 (same).

SELENIUM: European free market, min. 99.5 per cent, $ per lb, in warehouse, 4.70-5.20 (4.90-5.30).

TUNGSTEN ORE: European free market, standard min. 65 per cent, $ per tonne unit WO, cif, 36-46 (same).

VANADIUM: European free market, min. 98 per cent V 0. other sources, $ per lb V 0, cif 2.48-2.53 (same).

URANIUM: Nuexco exchange value, $ per lb U 0, 16.75 (17.00).

Complaints filed against Chicago exchange

By David Owen in Chicago

THE COMMODITY Futures Trading Commission, the US futures industry's regulatory watchdog, has filed a total of 13 administrative complaints against the Chicago Mercantile Exchange for allegedly failing to report violations of federal rules by member firms or to *properly audit firms.*

It is the first time that the federal agency has filed such a charge against an exchange under its jurisdiction.

The Commission alleges that between 1982 and 1984, the Chicago Exchange—the world's second largest—failed to notify it that four member companies had not made reports relating to capital adequacy and record-keeping. In addition, the CFTC alleges that the exchange failed to enforce some of its own financial and record-keeping rules against the four firms.

The four companies concerned—not themselves charged in the CFTC complaint—are Chicago Grain & Financial Futures Co, CRT Services Inc. Rouse Woodstock Inc and Conticommodity Services Inc. Only CRT is still in business.

The CFTC is empowered to assess up to $100,000 in civil penalties for each violation of the Commodity Exchange Act or Commission regulations. It is, however, impossible to assess the likely magnitude of any eventual fine, a Commission official said, since each administrative complaint could conceivably include several violations.

The CME has 20 days to respond to the allegations. A hearing will then be scheduled to determine whether they are true and if so what sanctions if any should be imposed on the exchange.

A CME official said that the CFTC's complaints arose "out of philosophical differences" between the two bodies respecting "the CME's obligation to report preliminary audit results and non-material violations."

"The CME did not report certain apparent violations to the CFTC," she added, "because these violations were not deemed material."

London trader's clearing suspended

LONDON's International Commodities Clearing House has suspended until further notice the registration and clearing of contracts in the name of coffee brokers Holiday Cutler Bath (HCB), an ICCH official said, reports Reuter.

Mr Brian Chandler, HCB's managing director, confirmed the news and said it arose out of a restructuring going on in HCB's group, of which Teck Hock and Co (Pte) of Singapore is parent.

Mr Chandler said HCB had met all its commitments on the London futures market at the time the suspension took place, but it did not feel it could undertake any more such commitments while the restructuring issue was pending.

Teck Hock owes of S$100m (£30m), but nine creditor banks have agreed to a loan repayment freeze and also allowed it to continue commodity business transactions.

An official at the ICCH said the clearing house was not concerned with any problems at Teck Hock, but that in the case of HCB, "We asked them certain questions, which they haven't answered . . . and we thought it prudent to say that we would no longer be clearing contracts."

The ICCH official confirmed that HCB's position on the futures market was square when the clearing house made its move.

Indonesia fights rice pest

By John Murray Brown in Jakarta

INDONESIA IS to introduce a radical and untried pesticide control programme in an effort to maintain its record of self-sufficiency in rice production, one of the main achievements of President Suharto's development-oriented Government.

The plan involves a ban on 59 pesticides currently in use and the launch of a new product called "Applaud," manufactured by Nihon Nojak of Tokyo, in a bid to counter the spread of the "brown plant hopper," a serious rice pest which has developed a degree of immunity to existing pesticides.

The programme backed by the *Rome-based Food and Agriculture Organisation* (FAO) was hailed yesterday as Mr J. B. Sumarlin, Minister of Development Planning, as "a new and revolutionary approach to pest control."

The Government, with the help of a $14m grant from Japan, expects to make substantial foreign exchange savings from the programme, at a time when the country faces its worst recession in 10 years. Mr Sumarlin said much of the saving would be passed onto the farmer. The Government seems likely, however, to use the opportunity to cut its 75 per cent subsidy on pesticides.

LONDON MARKETS

ZINC PRICES came under renewed pressure on the London Metal Exchange after Metallgesellschaft, the West German smelter, announced a further $50 cut in its list price for the metal to $779 a tonne. Although analysts had generally expected that more European Producer Price (EEP) cuts were on the way, following a general $50 reduction two weeks ago, the news pushed the cash price on the LME down £8 to £481 a tonne, virtually wiping out Tuesday's advance. The three-month price fell £9.25 to £473.25 a tonne, still at a $45 discount to the Metallgesellschaft price. Other LME base metals were also lower with the exception of aluminium, which was boosted by news that Alcoa was suspending its Surinam smelting operations indefinitely because of Guerrilla activity. The cash price, which was also influenced by technical factors ended £9 higher on the day at £784.50 a tonne, extending the rise on the week so far to £19.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	784-5	+9.0	777/775
3 months	793.5-4	+7.25	794/782

Official closing (am): Cash 775-7 (774-5), three months 783.5-4 (786-6.5), settlement 777 (775). Final Kerb close: 794.5. Turnover: 15,925 tonnes.

COPPER

Grade A	Unoffic'l close	+ or −	High/Low
Cash	874.5-5	−8.75	879/876
3 months	895.5-7	−10.5	902/895

Official closing (am): Cash 878-9 (884-4.5), three months 900-0.5 (906.5-7), settlement 879 (884.5). Final Kerb close: 897-7.5.

Standard			
Cash	856-7	−5.5	856/856
3 months	878-9	−5.5	879.5/878

Official closing (am): Cash 857-60 (863-3.5), three months 879.5-5.80 (886-7), settlement 860 (863.5). US Producer prices: 63.00-67.00 cents per pound. Total Turnover: 19,800 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	294-5	−3.0	292.5/292
3 months	295-5.5	−3.0	296/295

Official closing (am): Cash 291.5-2 (296-5.5), three months 293.75-4 (298.5-9), settlement 292 (295.5). Final Kerb close: 29617. Turnover: 6,700 tonnes. US Spot: 24.00-27.00 cents a pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	2335-40	−33.5	—
3 months	2360-5	−31.5	2380/2360

Official closing (am): Cash 2,330-40 (2,375-85), three months 2,378-80 (2,415-20), settlement 2,340 (2,385). Final Kerb close: 2,370-80. Turnover: 1,122 tonnes.

TIN

KUALA LUMPUR TIN MARKET—Close: —— (17.22) ringgit per kg.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	480-3	−8.0	—
3 months	475-5.5	−9.25	480/475

Official closing (am): Cash 482-3 (490-2), three months 480-0.5 (487-8), settlement 483 (492). Final Kerb close: 474-5. Turnover: 13,175 tonnes. US Prime Western: 41.00-44.75 cents per pound.

GOLD

Gold fell $1¾ an ounce from Tuesday's close in the London bullion market yesterday to finish at $409¾-410¼. The metal opened at $415¼-415¾ and traded between a high of $417¼-417¾ and a low of $409¾-410¼. Profit taking during the afternoon wiped out early gains and there was little follow through after early demand had pushed gold to its best level for over a week.

GOLD BULLION (fine ounce) Jan. 28		
Close	[illegible]	[illegible]
Opening	[illegible]	[illegible]
M'n'g fix	[illegible]	[illegible]
Aft'n'n fix	[illegible]	[illegible]

GOLD AND PLATINUM COINS		
Am Eagle	[illegible]	[illegible]
Mapleleaf	[illegible]	[illegible]
Kr'g'rnd	[illegible]	[illegible]
½ Krug	[illegible]	[illegible]
¼ Krug	[illegible]	[illegible]
Angel	[illegible]	[illegible]
1/10 Angel	[illegible]	[illegible]
New Sov.	[illegible]	[illegible]
Old Sov.	[illegible]	[illegible]
$ 20 Eagle	[illegible]	[illegible]
Noble Plat	[illegible]	[illegible]

SILVER

SILVER per troy oz	Bullion Fixing Price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	370.15p	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]	[illegible]
6 months	[illegible]	[illegible]	—	—
12 months	[illegible]	[illegible]	—	—

Silver was fixed 2.05p an ounce higher for spot delivery in the London bullion market yesterday at 370.15p. US cent equivalents of the fixing levels were: spot 57[illegible]c, up 10.5c; three-month 581.3c, up 10.5c; six-month [illegible], up 10.9c; and 12-month [illegible]. The metal opened at 369-370p ([illegible]-571c) and closed at 366-368p (561-563c).

LME—Turnover: 27 (6) lots of 10,000 ozs. Three months high/low 375p, final kerb 373-5p.

SOYABEAN MEAL

	Yest'rd'ys close	+ or −	Business done
	£ per tonne		
Feb	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]
October	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]

Sales: 133 (330) lots of 20 tonnes.

INDICES

REUTERS

Jan.28	Jan.27	M'th ago	Year ago
1607.7	1617.3	1657.4	1860.2

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Jan. 27	Jan. 26	M'th ago	Year ago
Spot	118.21	118.43	—	132.26
Fut	117.37	117.26	—	133.17

(Base: December 31 1931=100)

MAIN PRICE CHANGES

	Jan. 28 1987	+ or −	Month ago
METALS			
Aluminium	[illegible]	[illegible]	[illegible]
Free Market	[illegible]	[illegible]	$1210/235
Copper Grade A Cash	[illegible]	[illegible]	£908
3 mths	[illegible]	[illegible]	£932.75
Gold Troy oz	[illegible]	[illegible]	$389.75
Lead Cash	[illegible]	[illegible]	£355.5
3 mths	[illegible]	[illegible]	£316.5
Nickel	[illegible]	[illegible]	[illegible]
Free Mkt	[illegible]	[illegible]	158/178c
Palladium oz	[illegible]	[illegible]	$117.55
Platinum oz	[illegible]	[illegible]	$472.75
Quicksilver†	[illegible]	[illegible]	$158/160
Silver troy oz	[illegible]	[illegible]	359.45p
3 mths	[illegible]	[illegible]	368.70p
Tin	[illegible]	[illegible]	[illegible]
free Mkt	[illegible]	[illegible]	$4530/670
Tungsten	[illegible]	[illegible]	$42.10
Wolfram 22.04lb	[illegible]	[illegible]	$32/42
Zinc	[illegible]	[illegible]	£561.5
3 mths	[illegible]	[illegible]	£544.5
producers	[illegible]	[illegible]	$870
OILS			
Coconut (Phil)	[illegible]	[illegible]	$405
Palm Malayan	[illegible]	[illegible]	$305
Copra (Phil)	[illegible]	[illegible]	$260
Soyabean (U.S.)	[illegible]	[illegible]	$144
GRAINS			
Barley Fut. May	[illegible]	[illegible]	£113.40
Maize	[illegible]	[illegible]	£142.00
Wheat Fut. May	[illegible]	[illegible]	£115.15
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. May	£1347.5	+5	£1419
Coffee Ft. Mar.	£1625.5	+26	£1654
Cotton A Ind.*	55.70c	−0.9	53.15c
Gas Oil Mar.	$157.25	+1.25	$147.75
Rubber (kilo)	66p		64.75p
Sugar (raw)	$185y	−5	$146.5
Wooltops 64s	421p kilo		451p kilo

‡ Unquoted. † Per 75-lb flask. c Cents a pound. * Cotton outlook. x Jan-Feb. z Dec-Jan. w Feb. y Feb-March.

COFFEE

During a quiet day most attention was turned towards the ICO producers' meeting, reports Drexel Burnham Lambert. In light volume prices traded in a narrow range with most houses reluctant to enter the market while the meeting was in progress. Roaster price-fixing was evident at lower levels with trade selling once again prominent at higher levels.

COFFEE	Yesterday close	+ or −	Business Done
Jan	1610-1620	+42.5	1620-1596
Mar.	1622-1625	+26.0	1625-1595
May	1626-1628	+23.0	1632-1614
July	1650-1655	+19.0	1655-1635
Sept	1675-1700	+19.0	1685-1660
Nov	1700-1705	+12.0	1710-1694
Jan	1710-1760	—	1740-1730

Sales: 2,769 (3,710) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for January 27: Comp daily 1979 118.22 (118.65); 15-day average 117.87 (118.11).

COCOA

Although due lower futures opened *unchanged and held the levels throughout a fairly quiet day. With producers still withdrawn physical interest was restricted to forward consumer off-take of both cocoa beans and products at the lows of the range, reports Gill and Duffus.

COCOA	Yesterday's close £ per tonne	+ or −	Business done
March	1316-1319	+1.5	1322-1318
May	1347-1348	+3.0	1352-1342
July	1376-1377	+0.5	1382-1375
Sept	1404-1407	+1.5	1412-1408
Dec	1435-1438	+1.0	1442-1438
March	1462-1466	−1.5	1468-1462
May	1480-1486	−1.0	1488-1482

Sales: 2,980 (1,888) lots of 10 tonnes.

ICCO indicator prices (SDRs per tonne). Daily price for January 28: 1,520.23 (1,532.05); five-day average for January 28: 1,570.73 (1,576.17).

GRAINS

Old crops, after an initial early buying spree, found nervous profit-taking amidst March/May spreading and values eased throughout the day to close with sellers over. New crops found a modest buying reaction to the recent downward trend with consumer interest the main support, reports T. G. Roddick.

Mnth	WHEAT Yest'rdy's close	+ or −	BARLEY Yest'rdy's close	+ or −
Mar	114.95	−0.25	112.45	−0.35
May	117.55	−0.50	114.10	−0.65
July	119.80	−0.35	—	—
Sep.	100.60	+0.25	100.20	—
Nov.	102.60	+0.25	102.85	−0.25
Jan.	105.65	+0.25	105.75	—

Business done — Wheat: March 115.05-4.70, May 117.75-7.40, July 119.90-9.80, Sept 100.45, Nov 102.60-2.50, Jan 105.65. Sales: 440 lots of 100 tonnes. Barley: March 112.45, May 114.10-4.00, Sept untraded, Nov 102.85, Jan untraded. Sales: 29 lots of 100 tonnes.

HGCA—Locational ex-farm spot prices. Feed barley: [illegible]. The UK monetary coefficient for the week beginning Monday February 2 is expected to remain unchanged.

LONDON GRAINS—Wheat: US dark northern spring No 1 15 per cent Feb 105.75, March 105.75. US No 2 soft red winter Feb 105.75, [illegible]. English feed fob Feb 115.00-120.00, [illegible] buyer-sellers. Maize: US No 3 yellow/French trans-shipment east coast first-half Feb 143.75. Barley: English feed fob [illegible], Scottish [illegible].

POTATOES

A weaker Dutch quote and further falls in the UK physical bag trade saw values ease £1.70, basis April, on the opening. However, in thin volume and with little direction the market traded in a narrow range, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Feb	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]

Sales: 685 (1,265) lots of 40 tonnes.

RUBBER

PHYSICALS—Closing prices (buyers): Spot 66.00p (same). March 64.00p (64.25p). April 64.00p (64.25p). Kuala Lumpur fob prices (Malaysian cents a kilo): RSS No 1 [illegible] and SMR [illegible].

FUTURES—Index 667, Feb 675-685, March 680-690, April/June 685-695, July/September 690-700. Sales 4.

OIL

Early February Ninian sold at around $18.27 while mid-February Forties was reported at $18.40. March Brent opened stronger following bullish API statistics. March WTI opened [illegible] up at 1.30 pm EST. In the petroleum products market prompt gas oil recovered from Tuesday's weakness as renewed buying interest. Fuel oil continued to weaken on good availability and little demand—Petroleum Argus, London.

CRUDE OIL—FOB ($ per barrel)—Feb.		+ or −
Arab Light	[illegible]	[illegible]
Arab Heavy	[illegible]	[illegible]
Dubai	[illegible]	[illegible]
Brent Blend	[illegible]	[illegible]
W.T.I. (1 pm est)	[illegible]	[illegible]
Forcados (Nigeria)	[illegible]	[illegible]
Urals (cif NWE)	[illegible]	[illegible]

PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	[illegible]	[illegible]
Gas Oil	[illegible]	[illegible]
Heavy fuel oil	[illegible]	[illegible]
Naphtha	[illegible]	[illegible]

GAS OIL FUTURES

Month	Yest'rdys close	+ or −	Business Done
	US $ per tonne		
Feb	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]

Turnover: 3,763 (2,654) lots of 100 tonnes.

HEAVY FUEL OIL

Month	Yesterday's close	+ or −	Business Done
	US $ per tonne		
Feb	96.00	+2.50	96.00
Mar	95.50	+1.50	—
Apr	93.75	+1.75	—

Turnover: 25 (13) lots of 100 tonnes.

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle [illegible]p per kg lw ([illegible]). GB—Sheep [illegible]p per kg est dcw ([illegible]). GB—Pigs [illegible]p per kg lw ([illegible]).

FUTURES—Pigs: Feb 94.00, sales 30. Live cattle: Feb 97.00, sales 2.

US MARKETS

EARLY TRADE selling prompted local selling in gold futures, touching off stops at $415, $412 and $410-409.80, basis February, before profit-taking and short-covering pared losses, reports Drexel Burnham Lambert. In quieter action, silver futures followed gold, while copper futures fell also on a combination of trade and local selling. Though no retracement took place before the close. Platinum futures were dominated by local selling touching off light stops between $532 and $528, basis April. Early trade selling on crude oil futures depressed values in a thinly traded market before profit-taking by locals pared losses. In sugar futures early trade and commission house buying produced a stronger-than-expected opening. However, the trade turned seller at the highs and touched off stops to take the market back to the lows where trade buying once again emerged to rally prices to the highs, where profit-taking occurred. Cocoa futures rallied against a weaker dollar and consequent arbitrage buying in the face of light Brazilian selling and local selling. In the grains both the soyabean and maize futures were lower, reflecting movement of grain from the farms, while soyabean oil futures declined on reports of increased stocks and as a reaction to a technically over-bought situation. Soyabean meal strengthened on hopes that a trade war between the US and the EEC may be averted. Live cattle futures were steady in the nears, reflecting firmer cash prices and the realisation that given the cash versus futures spread, deliveries against the February contract were likely to be low. Pork belly futures fell after early strength as cash prices declined.

NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

	Close	High	Low	Prev
Jan	53.70	—	—	53.35
Feb	53.85	—	—	53.50
March	54.00	54.15	53.70	53.65
May	54.00	54.10	53.85	53.90
July	53.85	53.65	53.65	53.90
Sept	53.90	—	—	53.95
Jan	[illegible]	—	—	[illegible]
March	[illegible]	—	—	[illegible]
May	[illegible]	—	—	[illegible]

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

COFFEE "C" 37,500 lbs, cents/lb

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

COPPER 25,000 lbs, cents/lb

	Close	High	Low	Prev
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

COTTON 50,000 lbs, cents/lb

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	17.82
Aug	[illegible]	[illegible]	[illegible]	17.74
Sept	[illegible]	[illegible]	[illegible]	17.68
Oct	[illegible]	[illegible]	[illegible]	17.69
Dec	[illegible]	[illegible]	[illegible]	17.78

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Jan	[illegible]	—	—	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	—	—	[illegible]

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	High	Low	Prev
Feb	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	—	—	[illegible]

ORANGE JUICE 15,000 lbs, cents/lb

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Feb	[illegible]	—	—	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	—	—	[illegible]

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb

	Close	High	Low	Prev
Feb	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
Feb	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
Feb	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN OIL 60,000 lbs, cents/lb

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	18.47
May	[illegible]	[illegible]	[illegible]	18.36
July	[illegible]	[illegible]	[illegible]	18.17
August	[illegible]	[illegible]	[illegible]	17.95
Sept	[illegible]	[illegible]	[illegible]	17.82
Oct	[illegible]	[illegible]	[illegible]	17.74
Dec	[illegible]	[illegible]	[illegible]	17.66
Jan	[illegible]	[illegible]	[illegible]	17.69
March	[illegible]	[illegible]	[illegible]	17.78

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
March	288.0	289.0	287.8	289.0
May	269.0	270.0	268.0	270.6
July	251.0	251.4	250.6	252.6
Sept	251.0	251.4	250.2	252.2
Dec	257.0	257.0	256.0	258.4
March	288.0	289.0	287.6	289.0

SPOT PRICES—Chicago loose lard 15.00 (same) cents per pound. Handy and Harman silver 558.0 (566.0) cents per troy ounce.

SUGAR

Prices rallied with fresh buying on fundamental and chart considerations, reports C. Czarnikow.

No. 6 Contract	Y'st'rdy's close	Previous close	Business done
	$ per tonne		
Mar	177.2-177.8	174.4-174.8	181.8-172.2
May	178.4-178.8	176.2-176.6	183.8-174.4
Aug	179.8-181.0	177.4-178.8	184.0-179.0
Oct	181.6-182.6	180.8-188.2	186.0
Dec	182.8-184.0	182.0-185.8	182.6
Mar	188.8-190.0	188.8-189.4	189.8-187.0
May	191.8-195.8	191.8-191.4	192.8-190.

Sales: 5,082 (2,798) lots of 50 tonnes.

PARIS—(FFr per tonne): March 1230-1235, *May 1255-1258*, Aug 1288-1298, Oct 1310-1318, Dec 1340-1360, March 1394-1398.

LONDON DAIL PRICE — Raw sugar $$185.00 (£119.50), down $5.00 (down £5.00) a tonne for February-March delivery. White sugar $205.00, down $2.00.

Tate & Lyle delivery price for granulated basis sugar was £224.50 (£227.50) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for January 27: *Daily price* 7.46 (7.44); 15-day average 6.44 (6.30).

FREIGHT FUTURES

	Close	High/Low	Prev.
Dry Cargo			
Jan.	858/861	860/858	855/860
April	775	775/760	772/775
July	661	661/655	655/659
Oct.	765/767	768/763	771/774
Jan.	795/800	—	800
Apr.	780/815	—	800/810
July	670/710	—	700
Oct.	770/830	—	800/820
BFI.	863.5	—	863

Turnover 122 (130).

Philippine coconuts

PHILIPPINE coconut production is projected to fall by 11 per cent in 1987 to 2.363m tonnes from 2.656m in 1986 in copra terms, according to the United Coconut Association of the Philippines (UCAP).

Exports were seen dropping 15.3 per cent to 1.992m tonnes from 2.353m in 1986

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar continues to slide

LACK OF any indication that the US Administration is concerned about the slide in the value of the dollar pushed the US currency down the new lows on the foreign exchanges yesterday. President Reagan did not mention the dollar or the US trade deficit in his State of the Union speech, and Mr James Baker, US Treasury Secretary, gave no clear support to the currency in a TV interview.

Forecasts for the December US trade deficit, to be published Friday, vary between about $15bn to over $20bn, but if the figure is near November's record of $19.22bn pressure on the dollar is unlikely to ease, unless there is an early Group of Five meeting, and a commitment form the US to halt the decline.

Rumours of intervention by the US Federal Reserve, on behalf of the Bank of Japan, helped the dollar recover against the yen.

Dealers are nervous of central bank intervention, but there was little other sign of this yesterday.

Mr Satoshi Sumita, Governor of the Bank of Japan, appeared to make a veiled threat ahead of the February US Treasury auctions, when he warned that a weaker dollar threatens to reduce capital flows from Japan to the US.

The dollar fell to its lowest level against the D-Mark since mid-September 1980, declining to DM 1.7870 from DM 1.8055. It also fell to FFr 5.9650 from FFr 6.0325; and to SFr 1.5020 from SFr 1.5155, but was unchanged at Y151.65. On Bank of England figures the dollar's index fell to 102.7 from 103.8, the lowest since April 1981.

STERLING — Trading range against the dollar in 1986-87 is 1.5555 to 1.3700. December average 1.4387. Exchange rate index closed unchanged at 68.8, compared with 71.7 six months ago.

Sterling finished little changed against the dollar at $1.5360-1.5370, a rise of 10 points on the day. It fell back towards the close, after showing a gain of about 1 cent for most of the day. The pound fell to a record closing low of DM 2.7450 from DM 2.7725, and weakened to FFr 9.1650 from FFr 9.2625; SFr 2.3075 from SFr 2.3275, but improved slightly to Y233 from Y232.75. There was little reaction to the UK trade and balance of payments figures, which were slightly better than some feared, but within the range of most forecasst.

D-MARK — Trading range against the dollar in 1986-87 is 2.4710 to 1.7870. December average 1.9690. Exchange rate index 149.6 against 137.5 six months ago.

The D-Mark continued to appreciate against the dollar in Frankfurt, encouraged by the Bundesbank's decision not to intervene at the fixing, after buying dollars on the two previous days. The dollar was fixed at DM 1.7754, compared with DM 1.8195 on Tuesday, the lowest level since August 13 1980. Shortly after it was announced the central bank had stayed out of the market at the fixing the dollar fell sharply to DM 1.7670. The record fixing low of DM 1.7062 was touched on January 3 1980.

JAPANESE YEN — Trading range against the dollar in 1986-87 is 202.70 to 151.30. December average 162.19. Exchange rate index 211.0 against 216.7 six months ago.

The yen showed little change against the dollar, in quiet and nervous trading ahead of the US trade figures, and any news about a Group of Five meeting or a possible cut in the Japanese discount rate. Dealers were nervous of intervention by the Bank of Japan, but it was not clear whether the central bank bought dollars yesterday. The US currency closed in Tokyo at Y151.20, compared with Y151.95 on Tuesday, and Y151.95 overnight in New York. Dealers suggested Japanese participation in the February auction of US Treasury paper was likely to fall, because of uncertainty about exchange rates, and following Mr Sumita's warning about the implications of reduced capital flows into the US if the dollar continues to weaken.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu January 28	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	42.6900	+0.55	+0.54	±1.5344
Danish Krone	7.85212	7.80122	−0.65	−0.66	±1.6404
German D-Mark	2.05853	2.05778	−0.04	−0.05	±1.0981
French Franc	6.90403	6.86313	−0.59	−0.60	±1.3674
Dutch Guilder	2.31943	2.32126	+0.07	+0.06	±1.5012
Irish Punt	0.768411	0.778197	+1.27	+1.26	±1.6684
Italian Lira	1483.58	1467.29	−1.10	−1.10	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

Jan 28	Latest	Previous Close
£ Spot	1.5370-1.5380	1.5370-1.5380
1 month	0.60-0.57 pm	0.59-0.58 pm
3 months	1.78-1.74 pm	1.77-1.75 pm
12 months	6.20-6.10 pm	6.22-6.14 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

POUND SPOT—FORWARD AGAINST THE POUND

CURRENCY RATES

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

CURRENCY MOVEMENTS

EURO-CURRENCY INTEREST RATES

OTHER CURRENCIES

Luxembourg	56.85-56.95	37.00-37.10
Malaysia	3.9055-3.9110	2.5275-2.5325
N. Zealand	2.8585-2.8660	1.8500-1.8555
Saudi Ar.	5.8000-5.8050	3.7500-3.7510
Singapore	3.2850-3.2900	2.1210-2.1260
S. Af. (Cm)	3.1420-3.1490	2.0325-2.0370
S. Af. (Fn)	6.3100-6.5790	4.0815-4.2555
Taiwan	54.00-54.25	35.00-35.10
U.A.E.	5.6795-5.6850	3.6725-3.6735

* Selling rate.

EXCHANGE CROSS RATES

Yen per 1,000; French Fr per 10; Lira per 1,000; Belgian Fr per 100.

FINANCIAL FUTURES

Gilts find support

LONG TERM gilt futures and US Treasury bonds closed slightly higher on the London International Financial Futures Exchange yesterday. March long gilts opened firmer at 114-24, and were trading around 114-22, little changed from the previous close, when the December UK trade figures were announced. The trade deficit of £783m was close to most forecasts, but better than the most pessimistic estimates of £1bn. The £38m current account surplus was also well received, with most forecasters looking for a small deficit. The contract rose to 114-31, the day's peak, on the trade news, but then fell back, reflecting continued concern about sterling's weakness against the D-Mark. This took March gilt futures down to the day's low of 114-12 in the early afternoon, but good support was found at this level. Short covering helped the contract recover, to finish at 114-27, compared with 114-21 on Tuesday. Volume remained good, at over 22,000 contracts.

Three-month sterling deposits for March delivery opened firm at 89.32, but this was the high of the day, with the contract weakening to 89.25 at the close, only slightly above the day's low, and compared with 89.30 previously. The general weakness of the pound, against currencies other than the dollar, encouraged doubts about any early cut in London interest rates.

March US Treasury bonds finished at 99-21, compared with the previous settlement of 99-12. Trading was nervous ahead of the announcement about the US Treasury's February refunding auction, amid fears the weak dollar will discourage foreign demand for US Government debt. The continued decline of the dollar and a high Federal funds rate of 5¾ per cent added to the air of nervousness.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last Mar.	Calls—Last June	Puts—Last Mar.	Puts—Last June
106	8.45	9.15	0.00	0.15
108	6.54	7.29	0.00	0.29
110	4.57	5.53	0.03	0.53
112	3.05	4.25	0.15	1.25
114	1.38	3.13	0.48	2.13
116	0.43	2.14	1.53	3.14
118	0.14	1.30	3.24	4.30
120	0.03	0.42	5.13	5.42

Estimated volume total, Calls 1,223 Puts 728
Previous day's open int. Calls 16,469 Puts 9,318

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last Mar.	Calls—Last June	Puts—Last Mar.	Puts—Last June
90	9.24	9.03	0.00	0.13
92	7.42	7.17	0.00	0.27
94	5.44	5.40	0.02	0.50
96	3.53	4.12	0.11	1.22
98	2.14	2.63	0.36	2.09
100	1.04	1.60	1.26	3.06
102	0.26	1.20	2.48	4.30
104	0.05	0.52	4.27	5.62

Estimated volume total, Calls 130 Puts 131
Previous day's open int. Calls 985 Puts 438

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls—Last Feb	Calls—Last Mar	Puts—Last Feb	Puts—Last Mar
16250	20.80	20.86	0.00	0.06
16500	18.30	18.43	0.00	0.13
16750	15.81	16.05	0.01	0.25
17000	13.33	13.74	0.03	0.44
17250	10.90	11.55	0.10	0.75
17500	8.56	9.51	0.26	1.21
17750	6.40	7.65	0.60	1.85
18000	4.50	6.00	1.20	2.70

Estimated volume total, Calls 1, Puts 23
Previous day's open int. Calls 239, Puts 154

LIFFE £/$ OPTIONS

PHILADELPHIA SE £/$ OPTIONS

LONDON SE £/$ OPTIONS

LIFFE—EURODOLLAR OPTIONS

LONDON

CHICAGO

SWISS FRANC (IMM)

SFr125,000 $ per SFr

	Latest	High	Low	Prev.
Mar.	0.6729	0.6753	0.6708	0.6654
June	0.6763	0.6880	0.6750	0.6692
Sept.	0.6808	0.6830	0.6795	0.6733

STANDARD & POORS 500 INDEX

$500 times index

	Latest	High	Low	Prev.
Mar.	275.30	276.20	274.80	274.40
June	277.15	278.20	276.55	276.30
Sept.	278.30	279.20	278.10	277.70
Dec.	279.70	280.90	279.50	279.20

CURRENCY FUTURES

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
Mar.	1.5342	1.5370	1.5300	1.5190
June	1.5175	—	—	1.5025
Sept.	1.5025	—	—	1.4878

Estimated volume 38 (15)
Previous day's open int. 997 (997)

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS: For 28/1/87 47,574

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

MONEY MARKETS

Factors neutral

INTEREST RATES were little changed on the London money market yesterday. Factors likely to influence trading were broadly neutral. Sterling improved against the dollar, but lost ground to the D-Mark, while the UK trade and balance of payments figures were in line with most forecasts.

Three-month interbank was unchanged at 11⅛-11 per cent.

The Bank of England forecast a money market shortage of £550m, and provided total help of £534m.

UK clearing bank base lending rate 11 per cent since October 15

Before lunch the authorities bought £147m bills outright, by way of £1m bank bills in band 1 at 10⅞ per cent; £71m bank bills in band 2 at 10{13/16} per cent; £34m bank bills in band 3 at 10¾ per cent; and £41m bank bills in band 4 at 10{11/16} per cent.

In the afternoon the Bank of England purchased another £387m bills outright, through £1m bank bills in band 1 at 10⅞ per cent; £292m bank bills in band 2 at 10{13/16} per cent; £55m bank bills in band 3 at 10¾ per cent; £4m local authority bills in band 4 at 10{11/16} per cent; and £35m bank bills in band 4 at 10{11/16} per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £467m, with the unwinding of bill repurchase agreements absorbing £328m; a rise in the note circulation £70m; and bank balances below target £10m. These outweighed Exchequer transactions adding £335m to liquidity.

In Frankfurt callmoney fell to 3.90-4.10 per cent from 4.10-4.30 per cent as money market liquidity increased, and the banking system responded to comments by Mr Karl Otto Poehl, president of the West German Bundesbank. He said he expected short term rates to decline further, and added that recent moves by the central bank were aimed at curbing excess liquidity caused by intervention before the most recent realignment of the European Monetary System. There was no intention to tighten interest rates. Yesterday's easing of rates was ahead of next week's tender for securities repurchase agreements with the Bundesbank, at a fixed rate of 3.8 per cent. In spite of the outflow of about DM 8bn in pension payments yesterday, banking liquidity was boosted through some DM 6bn via wage payments to civil servants.

In Paris the Bank of France left its money market intervention rate at 8 per cent, when buying first category paper from the market. The rate was last changed on December 23, when it was increased from 7¼ per cent. Money market liquidity is tightening, as result of payments for an issue of Treasury tap stock. The central bank was also reluctant to signal lower interest rates at a time when the weaker dollar again threatened to put strains on the EMS.

FT LONDON INTERBANK FIXING

(11.00 a.m. Jan. 28) 3 months U.S. dollars		6 months U.S. dollars	
bid 6 ⅛	offer 6 ¼	bid 6 ⅛	offer 6 ¼

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	7½
Broker loan rate	7¼
Fed. funds	5¾
Fed. funds at intervention	6¼

Treasury Bills and Bonds

One month	5.50	Three year	6.40
Two month	5.52	Four year	6.56
Three month	5.62	Five year	6.64
Six month	5.67	Seven year	6.94
One year	5.77	10 year	7.13
Two year	6.24	20 year	7.46

Jan. 28	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.90-4.10	4.00-4.15	3.90-4.10	4.10-4.25	4.20-4.30	5.0
Paris	9-9⅛	8{11/16}-8{13/16}	8⅝-8¾	8⅝-8¾	8½-8⅝	8
Zurich	7-11⅛	3⅞-3½	—	3⅞-3½	—	—
Amsterdam	5⅝-5⅞	5⅝-5⅞	—	5⅝-5½	—	—
Tokyo	4.15625	4.28125	—	4.34375	—	—
Milan	11⅞-12¼	11½-12	—	11¼-11¾	—	—
Brussels	7.20	7{13/16}-8⅛	—	7⅝-7¾	—	—
Dublin	13½-13⅝	13¾-14	13¾-14	13¾-14	13¼-13½	—

LONDON MONEY RATES

Jan. 28	Over-night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	11½-10	11⅛-11	11⅛-11{1/16}	11⅛-11	10⅞-10{13/16}	10{13/16}-10¾
Sterling CDs	—	—	11{1/16}-11{1/16}	10{15/16}-10{13/16}	10¾-10⅝	10{11/16}-10⅝
Local Authority Deposits	11-10⅞	11	11⅛	11-10{15/16}	10⅞	10¾-10{11/16}
Local Authority Bonds	—	—	11¼	11⅛	10⅞	10¾
Discount Market Deposits	11-10¼	11-10⅞	10⅞	10⅞	—	—
Company Deposits	10½-9	11⅛	11¼-11⅛	11{1/16}	10⅞	10¾
Finance House Deposits	—	—	11⅛	11{1/16}	10⅞	10{13/16}
Treasury Bills (Buy)	—	—	10{13/16}	10⅝	—	—
Bank Bills (Buy)	—	—	10{13/16}	10⅝	10½	—
Fine Trade Bills (Buy)	—	—	11⅛	11¼	10{13/16}	—
Dollar CDs	—	—	6.15-6.10	6.10-6.05	6.10-6.05	6.10-6.05
SDR Linked Deposits	—	—	6¼-6	6¼-6	6¼-6	6¼-6
ECU Linked Deposits	—	—	7⅝-7⅜	7{11/16}-7⅞	7⅞-7{11/16}	7⅞-7{11/16}

Treasury Bills (sell): one-month 10{11/16} per cent; three-months 10⅝ per cent; Bank Bills (sell): one-month 10{13/16} per cent; three months 10{11/16} per cent; Treasury Bills: Average tender rate of discount 10.5433 p.c. ECGD Fixed Finance Scheme IV reference date November 29 to December 31 (inclusive): 11.392 per cent. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11½ per cent from January 1, 1987: Bank Deposit Rates for sums at seven days' notice 4.35-4.375 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 10½ per cent; one-three months 10½ per cent; three-six months 10⅝ per cent; six-nine months 10⅝ per cent; nine-12 months 10⅝ per cent; Under £100,000 10 per cent from January 23. Deposits held under Series 5 10¼ per cent. Deposits withdrawn for cash 5½ per cent.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1986/87 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
100¾	97½	Treas 10¼pcCv '87	99½	.....	—	—
99⅛	92½	Exch 2½pc 1987	99⅛	.....	—	—
101¼	97½	Exch. 10½pc 1987	99½	.....	10.51	10.94
100⅛	93¾	Funding 6½pc 85-87	99¼	+⅛	6.55	9.63
101¼	96½	Treas. 10pc 1987	99¾	−⅛	10.02	10.52
97¼	90½	Treas 3pc 1987	97¾	+⅛	3.07	8.29
104½	99½	Treas. 12pc 1987	101⅛	.....	11.87	10.38
99¼	92½	Treas 7¼pc 1985-88‡‡	98⅛	−⅛	7.90	9.81
104	96¼	Exch 10½pc '88	100⅛	+⅛	10.48	10.35
102¾	95½	Treas 9¾pc Cv '88	99¼	+⅛	9.73	10.32
94¼	86¾	Transport 3pc '78-88	93¾	+¼	3.21	7.91
102½	93½	Treas. 9½pc '88	98¾	+⅛	9.64	10.39
107⅛	98⅛	Treas 11½pc 1989	102½xd	+⅛	11.27	10.39
103½	93¾	Treas 9½pc Cnv 1989	98⅛	+⅛	9.67	10.38
92¼	82⅛	Treas 3pc 1989	90	−⅛	3.33	7.87
105⅛	95⅛	Treas 10½pc 1989	100⅛	−⅛	10.47	10.35
104⅛	94¼	Exch.10pc 1989	99¼xd	+⅛	10.08	10.37
107⅛	97	Exch 11pc 1989	101⅛	−⅛	10.85	10.39
93⅛	84½	Treas 5pc 1986-89	90½	−⅛	5.52	8.99
110⅛	94¾	Exch 10½pcCv '89	102¼	−⅛	10.10	9.63
114⅛	103⅛	Treas 13pc 1990‡‡	106¼	.....	12.19	10.33
108¼	97¼	Exch 11pc 1990‡‡	101½xd	+⅛	10.81	10.31
113¼	101½	Exch. 12½pc 1990	105½	−⅛	11.83	10.33
89¾	79¾	Treas. 3pc 1990	85½	−⅛	3.51	8.17
100⅛	89¼	Treas 8¼pc 1987-90‡‡	95½	.....	8.64	9.85
106⅛	93	Treas. 10pcCv 1990	98½	−⅛	10.11	10.33
86⅛	76½	Exch 2½pc 1990	82⅛	−⅛	3.04	8.01
112⅛	99⅛	Treas 11¾pc 1991	104¾	+⅛	11.25	10.35
94¼	83⅛	Funding 5¾pc '87-91‡‡	88½	+⅛	6.51	9.16
86¼	79⅛	Treas. 3pc 1991●	81½	+⅛	3.69	8.24
101½	95⅛	Treas 10pc Cv '91	100½	−⅛	9.96	9.88
110¾	96⅛	Exch. 11pc 1991	102⅛	+⅛	10.73	10.33
116¾	105¾	Treas 12¾pc 1992‡‡	109½	—	11.64	10.26

Five to Fifteen Years

1986/87 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
107¾	92⅛	Treas 10pc 1992	99¼xd	−⅛	10.10	10.26
109¾	94⅛	Treas 10¼pc Cv 1992‡‡	100½	−⅛	10.40	10.26
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

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ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

1986/87 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
102	70	‡Metsec 10p	78	—	L2.46	2.6	4.4	12.0
78½	45	Mitchell Cotts	61½	—	1.5	2.1	3.4	15.8
128	81	‡Monks & Crane 10p	124	—	L2.7	2.9	3.1	15.2
323	210	Morgan Crucible	320	—	8.5	1.5	3.7	21.3
23½	15½	‡Morris (W) F.A. 20p	20	—	—	—	—	—
169	65	Mysan Grp 10p	167	—	†2.63	2.6	2.2	21.6
365	213	‡NMW Computers	242	+2	†6.0	3.0	3.5	13.9
141	27	Nash Inds.	136xd	—	1.5	♦	1.6	♦
*27½	12½	Neil & Spencer 10p	26½	—	—	—	—	—
39	28	Newman Inds 10p	36	−½	†0.8	1.5	3.1	(27.5)
134	65	Noble & Lund 10p	88	−1	0.7	4.3	1.1	29.0
158	152	Nobo Group 10p	153	—	R4.75	2.8	4.4	11.6
65	39	Norton	54	—	1.2	2.9	3.1	15.5
152	96	‡Norank Systems 5p	144	—	m1.5	—	1.5	18.5
286	187	Norcros	268	−2	†9.3	2.3	4.9	12.3
240	49	Nu-Swift 5p	240	+10	†3.5	2.1	2.1	32.3
£366½	£228	OCE 9pc Cnv 1987-92	£287½	—	Q9%	—	3.2	—
121	80	Oakwood Grp	121xd	—	4.0	♦	4.7	♦
250	173	Office & Elect	189	—	8.5	2.9	6.3	7.7
34	26	‡Omnitech 1p	32	—	—	—	—	—
36	18	‡Optometrics $0.01	21	—	—	—	—	—
890	500	Oriflame £1	810	+2	†28.5	2.1	5.0	15.7
10	5	Ovenstone 12½c	6	—	gQ3.23c	1.9	16.7	3.2
142	85	‡PCT Grp 10p	135	—	Q3.2	—	4.9	—
£20½	£13¾	PLM 'B' Sk 25	£16½	−¼	Q23.2%	0.3	3.7	—
255	160	‡Pacer Systems $0.01	164	—	L03.84c	4.3	1.6	14.4
176	97	Pacific Dunlop $0.50	175	+2	K011.3c	2.1	2.8	17.6
78	44	‡Pacific Sales 10p	46	—	3.0	1.4	9.2	11.0
528	246	Parker Knoll 'A'	480	—	12.0	3.2	3.5	12.6
[illegible]								

LEISURE—Continued

1986/87 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
66½	32	Leisure Inv 10p	65	−1½	0.36	7.4	0.8	[illegible]
*112	55	Leisuretime Int 10p	82	+1	†2.3	0.9	4.0	[illegible]
123	91	‡Lewmar	103	—	u2.63	3.4	3.6	[illegible]
98	71	‡Marina Dev. 50p	85	+2	R3.13	3.0	5.2	[illegible]
174½	143	Mecca Leisure 10p	173½	−1	4.1	♦	3.3	[illegible]
220	96	‡Media Tech Int 20p	101	−2	2.8	4.5	3.9	[illegible]
171	130	Medminster 10p	170	—	6.25	1.9	5.2	[illegible]
232	114	Midsummer Leisure	232	—	4.0	♦	2.4	[illegible]
220	130	‡Miss World 10p	180	+5	†5.2	3.3	4.1	[illegible]
90	62	Nationwide Leisure	76	+½	♦3.75	2.5	6.9	[illegible]
17	8	‡Nimslo Int 20c	10	+½	—	—	—	[illegible]
1.6	35	Omnicorp Inns NZ$0.5	96	—	Q0.5c	8.0	0.2	[illegible]
294	114	Orient Ex Htls $0.125	154	−10	—	—	—	[illegible]
50½	23	‡Owners Abroad 3p	48½	−2	1.5	2.3	4.4	[illegible]
90	46	Photax (Lon.)	80	—	—	—	—	[illegible]
43	25½	‡P'dilly Radio NV 5p	38	+2	2.0	♦	7.8	[illegible]
78	25½	‡Pineapple 10p	72#	—	—	—	—	[illegible]
391	280	Pleasurama 5p	332	+1	†7.5	3.6	3.2	[illegible]
178	136	Do. 7pcCvCmRedPf	152	—	7%	—	6.5	[illegible]
157	94	Prestwich	116	+1	0.85	6.9	1.0	[illegible]
51	18	‡Radio City 'A' NV	50	—	—	—	—	[illegible]
63	39	‡Radio Clyde N/V	58	−3	3.5	1.6	8.5	[illegible]
403	322	Really Useful Grp 5p	372	−1	11.25	2.2	4.3	[illegible]
64	36½	Riley Leisure 10p	60	+4	—	—	—	[illegible]
230	129	Saga Hols. 20p	177	—	4.6	2.6	3.7	[illegible]
355	148	Samuelson Grp 20p	202	−3	2.4	6.5	1.7	[illegible]
123	69	‡Sangers Photo 10p	80	−2	♦†2.2	1.5	3.9	[illegible]
178	93	Scaaro 20p	103xr	—	n4.0	3.5	5.5	[illegible]
400	175	Scott. TV 10p	400	+9	†10.5	3.3	3.7	[illegible]
[illegible]								

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

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[illegible]

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[illegible]

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[illegible]

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Far West Rand

[illegible]

MINES—Continued

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

[illegible]

REGIONAL & IRISH STOCKS

[illegible]

LONDON STOCK EXCHANGE

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Jan 12	Jan 22	Jan 23	Feb 2
Jan 26	Feb 5	Feb 6	Feb 16
Feb 9	Feb 19	Feb 20	Mar 2

* New time dealings may take place from 9.00 am two business days earlier.

Programmed trades unsettle equity market while Gilts turn nervous towards the close

An uncertain performance by the UK securities markets left share prices with minor losses, as international investors turned cautious in the face of rumours of impending moves to stabilise the US dollar. Equities were restrained by some programmed selling at first, but were attempting to rally until an early gain on Wall Street was trimmed.

The Gilt-edged sector gave a favourable reception to the latest UK trade figures, but slackened off in late dealings when Gilt futures traded erratically to the accompaniment of the rumours from the currency markets.

Equities opened lower as the peak prices of the previous session brought in some programmed orders—not all "sell" orders, but with a generally bearish trend. Scrimgeour Vickers handled a "large, balance programmed trade in the blue chips—upwards of £100m worth," and some other major firms were believed to have seen similar business.

Once these trades were completed, the market tried to rally, but lost heart towards the close when both Wall Street and the currency rumours introduced a note of uncertainty.

The FT-SE 100 index, eight points off at first, edged up to a new trading peak at mid-session, before closing a net 2.3 off at 1812.1. At 1440.4, the FT Ordinary index shed 1.2.

But selective buying helped several blue chips. Imperial Chemical Industries surged ahead again, encouraged by early firmness in the D-Mark, but also by favourable comment from Greenwell Montagu, the London investment house.

Pharmaceuticals in demand again included Beecham, Glaxo and Boots. Jaguar continued to attract US buyers and Saatchi and Saatchi were firmer.

Gold shares opened very firmly, but were disappointed later by weakness in the bullion price, which in turn reflected the hints of a move to help the dollar rally from its recent weakness.

Government bonds had a firm, but cautious trading session, with the cash Treasury sector overshadowed by activity in the Gilt futures contracts traded on the London International Financial Futures Exchange.

The UK trade deficit for December was slightly below market predictions, and prices edged forward by about ¼ on the announcement. But attention then switched to the currency markets and bonds quietened down. Some switching towards the longer dates was seen at the close, however.

TSB softened a fraction to 82¼p as the market eagerly awaited today's interim figures; one optimistic broking house forecasts pre-tax profits some £20m above the prospectus estimate of £201m. The major clearers plotted an irregular course in moderate trading. Barclays, scheduled to report preliminary figures on February 26, firmed 5 at 538p, after 541p, while Midland put on 6 at 60p. Lloyds relinquished 5 at 497p. Merchant banks were featured by a fresh speculative gain of 5 to 154p in J. Rothschild, while profit-taking clipped 5 from Hill Samuel, at 516p. Combined Lease Finance added 7 to 150p among Hire Purchases.

Sedgwick lower

Lloyds Broker Sedgwick dropped to 330p before closing 4 easier on balance at 332p with sentiment not helped by news that four senior brokers at a reinsurance broking subsidiary had defected to Willis Faber. Composites turned irregular after Tuesday's strength which followed a Wood Mackenzie buy recommendation. Royals, at 915p, lost all but a penny of the previous day's gain of 15, while GRE softened a couple of pence at 855p. London United, however, advanced 25 at 540p.

Breweries were a relative backwater. Leading issues showed marginal falls but most closed above the day's lowest with Allied-Lyons, 4 down at 235p, after 334p. Ahead of their respective annual meetings today, Bass were slightly firmer at 793p and Matthew Brown unchanged at 553p. J. A. Devenish gave up the previous session's gain, at 218p, but Belhaven rose 1½ to 71p following the success of the recent rights issue.

Construction issues remained in vogue, sentiment still boosted by the possibility of Sizewell contracts. George Wimpey were favoured at 221p, up 5, and Costain firmed 5 more to 572p. Tayler Woodrow, also stimulated by vague takeover rumours, gained 13 to 351p. Tarmac continued to reflect a broker's profits upgrading with a fresh rise of 10 to 470p, while Redland revived with an improvement of 9 at 453p. Barratt Developments firmed 4 to 174p. In the Timber sector, Meyer International found support and rose 11 to 299p. Elsewhere, Randsworth Trust jumped 14 to 140p on news that the company had been granted planning permission to build the Randswrth Centre on its freehold site at Wilson Street, London EC2. Higgs and Hill rose 25 to 564p in a restricted market, while Gleeson gained 12 to 378p following the chairman's confident statement at the annual meeting.

Wall Street's firm performance overnight encouraged fresh demand for ICI which rose ⅛ to £12⅝. Elsewhere in the Chemical sector, Horace Cory put on 3 to 23½p following speculative buying.

Buying on consideration of the group's recovery potential helped Storehouse rise 10 to 282p and feature leading Stores. Burton eased a couple of pence to 271p in anticipation of today's annual meeting at which the controversial executive share option scheme will be put to shareholders. Elsewhere, interim profits at the top end of market estimates helped W. H. Smith "A" close 5 dearer at 309p while Lee Cooper firmed 5 to 293p following the announcement that Compagnie de Navigation Mixte SA had increased its stake in the company to over 15 per cent. Speculative buying lifted Ladies' Pride Outerwear 3½ to 62p and Wickes 10 to 208p, while Etam, closed 9 to the good at 211p. Strong and Fisher gained 8 more to 174p, among Shoe concerns where Lambert Howarth revived strongly with a gain of 12 at 235p.

FINANCIAL TIMES STOCK INDICES	Jan. 28	Jan. 27	Jan. 24	Jan. 23	Jan. 22	Year ago	1986/87 High	1986/87 Low	Since Compilation High	Since Compilation Low
Government Secs	85.31	85.37	85.49	85.63	85.74	83.11	94.51 (18/4/86)	80.39 (20/1/86)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	91.47	91.35	91.75	91.61	91.78	87.14	97.68 (7/7/86)	86.55 (23/1/86)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,440.4	1,441.6	1,411.2	1,425.9	1,404.1	1,150.0	1,441.6 (27/1/87)	1,094.3 (14/1/86)	1,441.6 (27/1/87)	49.4 (26/6/40)
Gold Mines	331.1	322.9	318.5	322.7	323.8	337.9	357.8 (22/9/86)	185.7 (18/7/86)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.96	3.96	4.03	4.00	4.07	4.48				
Earnings Yld.%(full)	9.29	9.30	9.47	9.37	9.54	10.89				
P/E Ratio (net) (*)	13.20	13.18	12.94	13.08	12.84	11.43				
SEAQ Bargains (5 pm)	39,468	35,800	37,845	43,119	36,066	—				
Equity Turnover (£m)	—	1,254.59	1,188.27	1,386.26	1,538.28	632.13				
Equity Bargains	—	47,014	46,908	53,620	43,569	25,795				
Shares Traded (ml)	—	525.7	490.4	566.3	560.4	289.9				

S.E. ACTIVITY Indices	Jan. 27	Jan. 26
Gilt Edged Bargains	142.2	138.4
Equity Bargains	304.6	309.9
Equity Value	2535.8	2401.87
5-Day Average		
Gilt Edged Bargains	146.7	146.4
Equity Bargains	306.8	310.8
Equity Value	26485.5	2644.4

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1438.8	1435.7	1434.0	1435.3	1436.8	1439.5	1440.7	1438.4

Day's High 1442.0. Day's Low 1432.6

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil=12.71.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

Racal retreat

Racal failed to take Tuesday's good gain a stage further as profit-taking in the wake of an analysts' meeting held on Tuesday night at the Royal Lancaster to discuss the group's interim figures saw the shares drop to 208p before closing the session 6 down on balance at 212p. Other Electrical majors gave ground with GEC a couple of pence at 207p. Elsewhere, Telephone Rentals attracted renewed speculative buying on revived bid hopes and closed 6 to the good at 209p and Holmes Protection, an old takeover favourite, gained 5 at 134p in response to Press comment. Buying ahead of next month's results took Amstrad up to 158p at one stage before a close of 154p up 2 on balance. Domino Printing Sciences rose 5 to 340p in anticipation of today's preliminary results and gains of between 11 and 20 were seen in Memec, 286p, Magnetic Material, 99p, and Microfilm Reprographics, 443p.

With the exception of GKN, which were reasonably active and closed a shade dearer at 295p, leading Engineers passed an uneventful session. Among the noteworthy movements in secondary issues, TI improved afresh to 571p, up 10, in response to the European acquisition. Carcle came to life with a gain of 512p, while a newsletter recommendation directed buying attention to MS International which closed 5 to the good at 75p. Profit-taking clipped a few pence from Habit Precision at 110½p.

Food Manufacturers, good of late on takeover speculation following news of General Cinema's stake in Cadbury Schweppes, turned easier on light profit-taking. Cadbury, some 23 points higher than this time last week, gave up 2 to 226p, while Rowntree Mackintosh lost a similar amount at 467p. Against this, Unigate attracted further buying interest at 348p, up 3, while Assocated British Foods added 4 more to 319p and Ranks Hovis McDougall were 2 dearer at 300p. Retailers displayed minor falls in the absence of further buying, Tesco slipping to 429p and Argyll to 360p. Albert Fisher, however, continued to attract support at 210p, up 4. Freshbake firmed 4 to 145p on the full listing proposal and confident statement.

Fothergill & Harvey up

Fothergill and Harvey responded to news of the increased and final offer from Courtaulds with a rise of 26 to 302p. The directors of F & H stated that their initial view is that the terms of the bid still fall short of reflecting the true value of the company. Elsewhere in the miscellaneous industrial sector, Reed International featured with a gain of 13 at 370p on news of the proposed acquisition of Citizen which publishes a chain of 14 free newspapers in Lancashire. Acquisition news also helped Parkfield Group, up 9 at 210p; the company is buying Spectrum Group's photographic distribution business for £2.15m. Sudden demand in a limited market left TSL Thermal Syndicate 16 higher at 102p, but Lilleshall, bought recently on property development potential, met with profit taking and fell 7 to 243p. Rockware rose 7 to 62p in the wake of news that GM Firth has acquired 446,500 shares in the company. Blue Arrow firmed 12 to 462p in belated response to the results, while occasional demand left Fisons 8 to the good at 613p and Cookson 12 dearer at 560p. Other noteworthy improvements included Kennedy Smale, 15 higher at 158p, and Portals, a similar amount up at 295p. In contrast, profit-taking clipped 9 from Stainless Metalcraft at 194p and a similar amount from British Vita at 337p. Among the international stocks, BOC continued to make headway at 423p, up 8, while Beecham rose 5 further to 476p. Boots enjoyed another extremely lively trading session before closing 5 to the good at 268p.

Spectrum closed unchanged at 22p, after 20p, following the annual results and details of the proposed sale of its photographic busness to Parkfield for £2.15m. Nationwide Leisure hardened ½ to 76p following a bid approach; according to the company, any offer is expected to be close to the current market price.

Television issues continued to attract selective buying interest with Central 7 up at 455p and Scottish a similar amount higher at 400p. Ulster put on 7 to 121p and Grampian 4½ to 63½p.

Jaguar broke through the 600p level as US investors bought stock on the back of Wall Street's fresh upsurge before the price turned back to close a net — up at 595p. Component issues were irregular with Dewty reacting to 237p but Armstrong Equipment responding strongly to a squeeze on marketmakers' positions and ending 11 up at 157p. Abbey Panels rose 10 further to 360p and FR put on 10 at 330p.

Newspapers continued their relentless advance backed by encouraging comment on growth prospects. United were the star performer, surging 31 to 506p, while Associated bounded 15 to 513p. Octopus rose 19 to 608p and Accord Publications improved 8 further to 221p. Paper/Printings, too, paraded numerous features with BPCC 7 higher at 273p; Kleinwort Grieveson says the group "represents first class value and should be accumulated." Delyn Packaging jumped 20 further to 238p despite Tuesday's statement that the board knew of no reason to account for the current rise in the share price. Goodhead Print spurted 14 to 204p and Watmoughs added 10 at 318p. Crown TV Products slipped 4 to 76p after the annual results. Advertising Agencies were also buoyant. A mid-week investment recommendation lifted Addison Consultancy 7 to 142p, while Geers Gross, 94p, Lopex, 148p, and Boase Massimi, 331p, recorded similar gains. Acquisition news raised WPP 23 to 815p and Gold Greenless Trott improved 3 to 206p following the award of the Pearson account.

The Property leaders passed another quiet session although revived institutional demand was noted for MEPC, finally 3 higher at 347p, after 350p. Hammerson A were 5 dearer at 450p following reports of a programme trade. Elsewhere, Daejan replied strongly to news of increased interim profits with a rise of 10 to 695p, while London and Edinburgh Trust gained 10 to 590p following a broker's recommendation. Marler Estates advanced 28 to 653p as bid rumours revived, but estate agents Connells, a strong market of late following a rejected bid approach, encountered profit-taking and shed 10 to 335p.

Allied Textile were in demand again ahead of today's preliminary statement and gained 5 to 335p, while Courtaulds were 6 dearer at 379p. British Mohair revived with a rise of 4 to 151p following news that Lawrie group holds a 19.65 per cent stake. Tuesday's selling of Sirdar was not repeated and the shares regained that day's fall, at 134p.

Adverse publicity on the group's problem with the Australian securities commission put Mercantile House under pressure. Selling was fairly persistent and the shares finally dropped 18 to 367p. Other Financial Trusts presented a more cheerful face, with Harvey and Thompson 10 higher at 315p on good interim figures and General Oriental 32 up at 432p. In front of today's annual results, Argyle Trust firmed to 115p. Elsewhere, Antofagasta rose 10 to 155p and Kakuzi 5 to 103p.

Investment Trusts featured Scottish National, which advanced 12 to 350p in a narrow market, and Consolidated Venture series 100 Warrants, up 7 at 80p.

Oils easier

The Oil majors lacked further upward impetus despite Wall Street's overnight show of strength. British Petroleum drifted off to close 10 cheaper at 783p, while Shell lost ⅛ to £10⅞. Britoil were 2 easier at 190p and Enterprise a penny cheaper at 190p. Among second-line oil stocks, Great Western gained 15 to 118p as certain directors increased their holdings. Firstland Oil moved up 10 to 40p on speculative buying, while demand of a similar nature boosted Aran Energy 8 to 45p. Conroy rallied 4 to 95p.

Overseas Traders experienced a lull in activity but only Polly Peck, 5 down at 166p, suffered a major reaction. Awaiting today's annual trading statement, Lonrho eased to 258p.

Gold shares had another strong session, although most of the buying came in the first half of the session. Later, there was some disappointment with London bullion prices, which slipped from $411 to $406 before ending at $409¾. A late rally in the US dollar choked off support for gold shares in the final minutes.

However, the FT Gold Share index closed a net 8.2 up at 331.1, largely reflecting the early gains in producer stocks. Among the better performers were Kinross, which broke through the £10 barrier, St Helena and Blyvoor.

The surprise disclosure that two South African companies—Gold Fields of South Africa (GFSA) and Driefontein Consolidated—had built up a joint 7.8 per cent stake turned Consolidated Gold Fields (ConsGold) shares easier. However, Minorco, the largest shareholder in ConsGold, moved up once again, as the directors expressed ignorance of GFSA's original stake in the London-based mining and materials group.

Traded Options

A total of 41,845 traded option contracts were completed yesterday, comprising 31,655 calls and 10,190 puts. Guinness attracted a useful business, recording 3,485 calls, while 3,384 were done in Boots.

Traditional Options

- First dealings
  Jan 19 Feb 2 Feb 16
- Last dealings
  Jan 30 Feb 13 Feb 27
- Last declaration
  Apr 23 May 7 May 28
- For Settlement
  May 5 May 18 June 8

For rate indications see end of Unit Trust Service

Money was given for the call of Berkeley and Hay Hill, Amstrad, H. Cory, GRA, Paragon, Cowan de Groot, RHP, J. Webb, Dominion International, Birmid Qualcast, Cradley Printing, Gibbs and Dandy, Nottingham Brick, Early's of Whitney, NMW Computers, Lambert Howarth, Camford, Burndene, Cluff Oil, London International, Low and Bonar, Walter Lawrence, BBA, Mersey Docks, Border TV, Armour Trust, Theme Holdings, Fobel, Wheway, 600 Group, Norton Opax, Portals, Pentland Industries, Meggitt Holdings and Sound Diffusion. Puts were arranged in GRA, Bestwood, Ladbroke, Riley Leisure, Rockware and Dominion International, while double options were transacted in Amstrad and Control Securities.

NEW HIGHS AND LOWS FOR 1986-87

NEW HIGHS (272)

BRITISH FUNDS (1). AMERICANS (6). CANADIANS (8). BANKS (4). BUILDINGS (14). CHEMICALS (9). STORES (12). ELECTRICALS (10). ENGINEERING (5). FOODS (12). HOTELS (1). INDUSTRIALS (36). INSURANCE (4). LEISURE (11). MOTORS (7). NEWSPAPERS (8). PAPER (10). PROPERTY (16). SHIPPING (1). SHOES (3). TEXTILES (9). TRUSTS (70). OILS (6). OVERSEAS TRADERS (4). MINES (8).

NEW LOWS (1)

AMERICANS (1) CityFed Fin Corpn.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 6 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	3,400	147	−2	Ladbroke	885	400	−4
Allied Lyons	4,400	335	−4	Land Securities	349	346	—
Amstrad	15,000	154	+2	Legal & Gen.	761	275	+3
Assoc. Brit. Foods	4,000	319	+4	Lloyds Bank	2,900	497	−5
BAT	1,900	491	−4	Lonrho	1,750	258	−1
BET	119	485	—	Marks & Spncr	4,200	195	−2
BOC	6,300	423	+8	Midland Bank	2,700	609	+6
BPB Inds	1,000	565	−2	NatWest Bank	1,450	587	+1
BTR	4,000	288	−1	Pearson	647	580	−2
Barclays	2,600	538	+5	P & O	4,050	561	−4
Bass	325	795	+1	Pilkington Bros	975	666	−1
Beecham	4,600	476	+5	Plessey	7,800	212	—
Blue Circle	118	666	+2	Prudential	1,000	855	−1
Boots	27,625	268	+5	Racal	14,500	212	−6
Brit. Aero	2,000	579	−4	Rank Org.	821	590	—
Brit. Gas	35,000	69	−1	RHM	1,100	300	+2
Britoil	5,100	190	−2	Reckitt & Col	94	995	+10
BP	2,900	782	−10	Redland	1,440	453	+9
Brit. Telecom	11,000	220	—	Reed Intl	1,000	370	+13
Burton	4,700	271	−2	Reuters	1,000	591	−3
Cable & Wire	2,300	355	−2	RTZ	959	752	+3
Cadbury Schwps	2,800	226	−2	Rowntree Mac	2,100	467	−6
Coats Viyella	1,000	554	+2	Royal Insurance	1,700	915	−12
Comm. Union	4,200	302	−1	STC	4,100	198	−1
Cons. Gold	1,400	759	−11	Saatchi & Saatchi	1,100	812	+2
Cookson	1,100	560	+12	Sainsbury	309	498	—
Courtaulds	2,100	379	+6	Scott & Newcastle	1,200	209	−3
Dee Corp	1,600	225	—	Sears	4,700	124½	−1¼
Dixons Grp	2,100	312	−3	Sedgwick	638	332	−4
Fisons	1,900	613	+8	Shell Trans	3,300	£10⅞	−⅛
Gen. Accident	498	897	+2	Smith & Nephew	6,200	140	−4½
Gen. Elect	10,025	207	−2	Standard Chart	480	780	+1
Glaxo	1,500	£12⅛	+⅛	Storehouse	5,200	282	+10
Granada	2,600	350	+9	Sun Alliance	712	728	−6
Grand Met	1,600	464	−5	TSB	8,300	82¼	−¼
Gus "A"	280	£11¼	—	Tarmac	1,640	470	+10
Guardian R.E.	1,000	855	−2	Tesco	1,400	429	−3
GKN	4,700	295	+2	Thorn EMI	2,700	570	−3
Guinness	10,000	299	+1	Trafalgar House	2,300	299	−1
Hanson Trust	6,300	144	−1½	T'house Forte	2,700	206	—
Hawker Sidd	1,000	593	—	Unilever	219	£22⅞	+¼
Hillsdown Hlgs	160	229	−1	United Biscuits	2,000	256½	−½
ICI	2,100	£12⅝	+⅛	Wellcome	3,300	290	−1
Imp. Cont. Gas	1,400	579	−9	Whitbread 'A'	462	285	−1
Jaguar	4,800	595	+7	Woolworth	1,100	709	+4

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	42	49	21
Corporations, Dominion and Foreign Bonds	0	0	71
Industrials	520	441	574
Financial and Properties	210	111	265
Oils	30	32	51
Plantations	2	3	9
Mines	69	52	62
Others	82	48	47
Totals	955	736	1,100

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Wednesday January 28 1987 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Tues Jan 27 Index No.	Mon Jan 26 Index No.	Fri Jan 23 Index No.	Year ago (approx.) Index No.
[illegible]										

	Wednesday Jan 28	Day's Change	Day's High	Day's Low	Jan 27	Jan 26	Jan 23	Jan 22	Jan 21	Year ago
FT-SE 100 SHARE INDEX ♦	1812.1	−2.3	1815.8	1806.4	1814.4	1781.8	1795.3	1777.5	1761.6	1421.0

FIXED INTEREST

PRICE INDICES	Wed Jan 28	Day's change %	Tues Jan 27	xd adj. today	xd adj. 1987 to date
[illegible]					

AVERAGE GROSS REDEMPTION YIELDS	Wed Jan 28	Tues Jan 27	Year ago (approx.)
[illegible]			

♦Opening index 1811.3; 10 am 1810.4; 11 am 1807.9; Noon 1809.0; 1 pm 1810.4; 2 pm 1812.9; 3 pm 1814.4; 3.30 pm 1815.1; 4 pm 1811.1

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 28p.

LONDON TRADED OPTIONS

Option		Calls			Puts		
[illegible]							

January 27. Total Contracts 41,175. Calls 34,902. Puts 6,273
FT-SE Index Calls 1,124 Puts 1,182
*Underlying security price.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1986/87 High	1986/87 Low	Stock	Closing Price	+ or −	Net Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]											

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1986/87 High	1986/87 Low	Stock	Closing Price £	+ or −
[illegible]							

[illegible]

WORLD STOCK MARKETS

AUSTRIA

Jan. 28	Price Sch.	+ or —
Credit'nst'lt pp	2,075	-15
Goesser	3,060	—
Interunfall	13,000	—
Jungbunzlauer	10,650	+500
Laenderbank	2,045	-5
Perlmooser	658	+15
Steyr Daimler	151	+1
Veitscher.Mag	10,980	—

BELGIUM/LUXEMBOURG

Jan. 28	Price Frs.	+ or —
B.B.L.	3,100	-60
Banq. Gen. Lux.	15,500	-250
Banq. Int. A.Lux.	15,150	—
Bekaert	9,500	-200
Ciment CBR	4,250	+100
Cockerill	139	+1
Delhaize	2,780	—
EBES	5,100	+10
Fabrique Nat	1,805	+5
GB Inno BM	250xc	-4
GBL (Brux)	3,815	+15
Generale Bank	6,500	+50
Gevaert	6,070	-30
Hoboken	7,850	-170
Intercom	3,950	+40
Kredietbank	4,110	+20
Pan Hldgs.	10,500	-150
Petrofina	9,510	+90
Royale Belge	28,399	—
Soc. Gen. Belge	3,350	—
Sofina	12,175	+50
Solvay	8,860	+20
Stanwick Intl	240	+10
Tractebel	6,370	+20
UCB	1,0100	-200
Wagons Lits	5,709	+120

DENMARK

Jan. 28	Price Knr %	+ or —
Baltica Skand	926	+20
Cop Handels'nk	285	+2
D. Sukkerfab	381	+6
Danske Bank	357	+2
East Asiatic	222	+4
Forenede Brygg.	985	+20
GNT Hld	340	-5
I.S.S.B	835	+30
Jyske Bank	545	+5
Novo Inds*	348	-1
Privatbanken	283	-1
Sophus Berend	835	+5
Superfos	165	-3

FINLAND

Jan. 28	Price Mks	+ or —
Amer	191	+1
KOP	46.8	-0.3
Kone	196	—
Finnish Sugar	98	-1.5
Nokia	144	+4
Pohjola "B"	74.5	+0.5
Rauma-Repola	21	+0.6
Stockmann "B"	145	+1.5
UBF "C"	30.6	+0.3
Wartsila (Ser. 11)	159	-2

NETHERLANDS

Jan. 28	Price Fls	+ or —
ACF Holding	55.5	-2.5
AEGON	75	-0.7
Ahold	100	-2.2
AKZO	129.4	-2.6
ABN	497	-3.5
AMEV	67.5	-1.7
AMRO	84.5	-1.9
Bredero Cert	69	-6
Buehrmann Tet.	49.8	—
Dordtsche Pet'm	200	-2.8
Elsevier-NDU	250	-12
Fokker	52.5	-4.3
Gist Brocades	38.8	-1.5
Heineken	156	-5
Hoogovens	39.3	-0.5
Huntr Doug NN	52.2	-1.1
IHC/Caland	16.8	-0.2
t. Mueller	62.6	-1.4
LM	38.1	-0.2
NP	133.8	-4.5
Nat Ned Cert	72.8	-3.7
Ned Mid Bank	183	-4
Nedlloyd	157	-6
Oce Grinten	405	-7
Ommeren (Van)	34	-1.6
Pakhoed	63.7	-2.1
Philips	43	-0.3
Robeco	95.9	-0.1
Rodamco	139.8	+0.1
Rolinco	88.7	-0.8
Rorento	50.3	-0.1
Royal Dutch	214.4	-3
Unilever	496	-11.5
VMF Stork	25	-0.5
VNU	323	-7
Wessanen	73.5	-2.4
Wolters Samson	114	-1.5

GERMANY

Jan. 28	Price Dm.	+ or —
AEG	293	-14
Allianz Vers	1,700	-170
BASF	243	-6
Bayer	266	-14.8
Bayer-Hypo	459	-28
Bayer-Verein	437	-14
BHF-Bank	468	-17
BMW	475	-16
Brown Boveri	251.2	-3.8
Commerzbank	282	-3
Cont'l Gummi	300	-11.5
Daimler-Benz	985	-55
Degussa	426.5	-9.5
D'sche Babcock	220	-4
Deutsche Bank	756	-7.5
Dresdner Bank	365	-7
Feld-Muehle Nbl	272	-9
Henkel	448	-26
Hochtief	980	-30
Hoechst	236	-6
Hoesch werke	100	-6
Holzmann (P)	541	-11
Horten	222	-4
Hussel	600	-26
Karstadt	463.5	-4.5
Kaufhof	495	-23
KHD	148	-1.5
Kloeckner	56.5	-3.0
Linde	695	-42
Lufthansa	165	-9
MAN	144	-10
Mannesmann	153	-8.5
Mercedes Hld	815	-67
Metallgesell	265	-13
Muench Rueck	1,935	-90
Nixdorf	715	-15
Porsche	860	-80
Preussag	187	+1
Rhein West Elect	219	-5.5
Rosenthal	285	-20
Schering	511	-20
Siemens	667	-19
Thyssen	110.5	-3
Varta	285	-12
Veba	259	-8.2
V.E.W.	156	-0.2
Verein-West	475	—
Volkswagen	350	-23.5

ITALY

Jan. 28	Price Lira	+ or —
Banco Com'le	24,800	-200
Bastogi-IRBS	684	-6
C.I.R.	8,490	-40
Credito Italiano	3,225	-40
Fiat	13,750	+80
Generali Assicur.	133,498	-800
Italcementi	73,100	-80
La Rinascente	1,025	+10
Montedison	2,660	-10
Olivetti	12,350	-80
Pirelli Co	7,000	-250
Pirelli Spa	6,010	—
Saipem	4,499	-107
Snia BPD	4,765	-15
Toro Assic	30,560	-156

FRANCE

Jan. 28	Price Frs.	+ or —
Emprunt 4½% 1975	1,533	—
Emprunt 7% 1973	8,001	—
Accor	530	-30
Air Liquide	712	-4
BIC	739	-37
Bongrain	2,470	+50
Bouygues	1,275	-15
BSN Gervais	4,660	-70
CIT Alcatel	2,910	+6
Carrefour	3,755	-75
Club Mediter'n	676	-14
Cie Bancaire	1,111	-29
Cofimeg	408	-1.5
Damart	2,350	-60
Darty	467	-11
Dumez S.A.	2,111	-58
Eaux (Cie Gen)	1,435	-14
Elf Aquitaine	347	+7
Essilor	3,660	-70
Gen.Occidentale	1,255	-5
Imetal	99	-4.6
Lafarge Coppee	1,499	-12
L'Oreal	3,950	-67
Legrand	5,600	-170
Maisons Phoenix	182	-12
Matra S.A.	2,360	-30
Michelin B	3,095	-95
Midi (Cie)	1,690	-40
Moet.Hennessy	2,250	-50
Moulinex	100	-2
Nord Est	202	-1.5
Pernod Ricard	1,040	—
Perrier	807	+2
Petroles Fra	455.5	+1.5
Peugeot S.A.	1,261	-42
Printemps (Au)	561	-14
Radio Tech	1,140	-56
Redoute	2,965	-115
Roussel-Uclaf	1,620	—
Sefimeg	460	—
Skis Rossignol	1,560	+37
Telemec Elect	3,420	-55
Thomson (CSF)	1,590	-15
Valeo	519	+1

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

NORWAY

Jan. 28	Price Kroner	+ or —
Bergens Bank	183	+1
Borregaard B	265	—
Christiania Bank	195	+1
Den Norske Cred.	174	+1.5
Elkem	89.5	+2
Kosmos	136.5	-0.5
Kvaerner	182	+2
Norcem	117.5	—
Norsk Data	225	-6
Norsk Hydro	140	+1.5
Orkla-Borregaard	373	+4
Storebrand	301	—

SPAIN

Jan. 28	Price Pts %	+ or —
Bco Bilbao	1,530	+10
Bco Central	1,121	+6
Bco Exterior	488	—
Bco Hispano	600	+25
Bco Popular	1,715	+55
Bco Santander	1,150	+9
Bco Vizcaya	1,925	+10
Banesto	860	+20
Dragados	620	+2
Hidrola	100.7	-1
Iberduero	181.5	-1.2
Petroleos	583	+29
Telefonica	184	+1.5

SWEDEN

Jan. 28	Price Kronor	+ or —
AGA	142	-6
Alfa-Laval B	268	—
ASEA (Free)	266	-4
Astr (Free)	610	+10
Atlas Copco	140	-6
Beijer A. B	138	—
Cardo (Free)	160	—
Cellulosa	235	-10
Electrolux B	274	-7
Ericsson B	189	-4
Esselte	188	+1
Mo och Domsjo	210	-22
Pharmacia	185	-2
Saab Scania Free	580	-5
Sandvik	135	-5
Skandia	110	-1
Skan Enskilda	104	-6
SKF	310	-10
StoraKopparberg	270	-2
Sven. Handelsbk	385	-9
Swedish Match	420	-5
Volvo B (Free)	261	-6

SWITZERLAND

Jan. 28	Price Frs.	+ or —
Adia Intl	8,800	—
Alusuisse	490	-10
Bank Leu	3,475	-50
Brown Boveri	1,750	-40
Ciba Geigy	3,240	+90
do. (Part Certs)	2,200	-60
Credit Suisse	3,650	-100
Elektrowatt	3,700	—
Fischer (Geo)	1,940	+50
Hoff.Roche PtCts	115,000	-2250
Hoff-Roche 1/10	17,750	-350
Jacobs Suchard	8,000	-150
Jelmoli	3,875	-50
Landis & Gyr	1,750	-20
Nestle	9,100	-275
Oer-Buehrle	1,340	-50
Pargesa Hldgs	2,270	+10
Pirel II	461	-6
Sandoz (Br)	10,600	-100
Sandoz (Pt Cts)	1,660	-50
Schindler (Pt Cts)	690	+5
Sika	1,740	-10
Surveillance A	8,600	-175
Swissair	1,150	-30
Swiss Bank	518	-13
Swiss Reinsce.	17,500	-600
Swiss Volksbk	2,440	-75
Union Bank	5,590	-150
Winterthur Ins	6,950	-175
Zurich Ins	7,925	-300

AUSTRALIA

Jan. 28	Price Aust. $	+ or —
ACI Intl	4.06	—
Adelaide Steamship	14	+0.2
Amcor	4.4	—
ANZ Group	5.7	+0.02
Ampol Pet	2.75	—
Ariadne	5.62	+0.17
Ashton	2.65	—
Aust. Guarantee	3.55	-0.05
Aust. Nat. Inds.	3.9	—
Bell Group	10.00	—
Bell Res.	4.9	+0.1
Bond Corp Hldgs	2.75	+0.01
Boral	4.5	-0.05
Bougainville	3.46	+0.01
Brambles Inds	7 [illegible]	—
Bridge Oil	0.97	+0.02
B. H. Prop.	9.2	-0.18
Burns Philp	9.8	—
CRA	7.5	-0.08
CSR	6.64	+0.04
Chase Corp	4.48	—
Claremont Pet	0.9	—
Coles-Myer	6.14	—
Comalco 'A'	2.7	+0.05
Consolidated Pet	0.34	—
Costain Aust	3.1	—
Elders IXL	4.8	—
Energy Res	1.8	—

AUSTRALIA (continued)

Jan. 28	Price Aust. $	+ or —
Gen. Prop. Trust	2.7	-0.04
Hardie (James)	4.5	+0.05
Hartogen Energy	3.2	-0.05
Herald W'yTimes	15	—
ICI Aust	3.4	—
Industrial Equity	5.24	-0.22
Jimberlana F.P.	0.4	-0.03
Kia Ora Gold	1.05	—
Kidston Gold	7.7	-0.1
Lend Lease	10.1	—
MIM	2.28	-0.02
Mayne Nickless	4.1	+0.05
Nat. Aust. Bank	5.78	-0.02
News	17.8	—
Nicholas Kiwi	3.60	—
Noranda (P.Pipd)	2.3	+0.05
North Broken Hill	2.6	+0.05
Oakbridge	0.85	-0.01
Pacific Dunlop	4.12	+0.15
Pancontinental	3.25	+0.05
Pioneer Conc	3.12	-0.05
Placer Pacific	2.45	-0.03
Poseidon	6.66	+0.06
Queensland Coal	1.61	-0.01
Reckitt & Colman	6.25	—
Santos	4.38	-0.02
Smith Howard	5.1	—
Thos. Natwide	3.95	+0.05
Tooth	6.12	-0.08
Vamgas	3.1	+0.1
Western Mining	6.25	-0.02
Westpac Bank	4.8	-0.02
Woodside Petrol	1.58	-0.02
Woolworths	3.5	+0.05
Wormald Intl	4.3	—

HONG KONG

Jan. 28	Price H.K.$	+ or —
Bank East Asia	23.3	+0.1
Cathay Pacific	5.5	—
Cheung Kong	36	+0.75
China Light	19.5	+0.1
Evergo	0.9	—
Hang Seng Bank	42.5	+1
Henderson Land	4.67	+0.02
HK China Gas	22.2	+0.2
HK Electric	12.4	-0.1
HK Land	7.4	—
HK Shanghai Bk	8.75	+0.2
HK Telephone	13.4	+0.1
Hutchison Wpa.	46.25	+0.5
Indust.Equit.Pac	24	-0.7
Jardine Math	22	+0.02
New World Dev	9.45	+0.02
SHK Props	18.8	+0.3
Shell Elect	0.83	—
Swire Pac A	19.2	—
TV—B	13.4	+0.2
Wharf Holdings	8.7	+0.1
Winsor Inds	8.95	+0.05
World Int. Hldgs	2.65	+0.03

JAPAN

Jan. 28	Price Yen	+ or —
Ajinomoto	1,970	+10
All Nippon Air	1,270	+10
Alps Electric	1,860	-20
Asahi Chem	781	-9
Asahi Glass	1,350	—
Bank Tokyo	1,390	+20
Bridgestone	715	-16
Brother Inds	560	-4
Canon	835	-15
Casio Comp	1,300	—
Chugai Pharm	1,300	+70
Daiei	1,300	-30
Dai-Ichi Kan. Bk	3,740	+130
Dai Nippon Ink	613	-2
Dai Nippon Ptg	1,880	+10
Daiwa House	1,800	-10
Daiwa Sec	2,340	+20
Eisai	2,260	+80
Fanuc	5,390	-130
Fuji Bank	2,730	+60
Fuji Film	3,440	-40
Fujisawa	1,620	+50
Fujitsu	947	-15
F'jrukawa Elect	536	+10
Green Cross	2,580	+40
Heiwa Real Est	1,300	+20
Hitachi	1,000	-20
Hitachi Credit	1,640	—
Honda	1,300	-30
Indl. Bk. Japan	8,350	+130
Ishikawajima Hr.	468	-21
Isuzu Motor	316	-2
Itoh (C)	645	+15
Ito Yokado	3,700	-50
Jal	12,600	-200
Jusco	1,340	—
Kajima	1,520	+20
Kao Corp	1,690	-20
Kawasaki Steel	209	-6
Kirin	1,670	-30
Kobe Steel	195	-2
Komatsu	525	-6
Konishiroku	631	[illegible]
Kubota	651	+16
Kumagai	1,220	+10
Kyocera	3,600	+90
Marubeni	392	+25
Marui	2,790	-150
Mazda Mo'ors	380	-8
Meiji Seika	865	-7
MIE	1,850	-60
M'bishi Bank	2,690	+80
M'bishi Chem	775	-36
M'bishi Corp	1,190	+70
M'bishi Elect	455	-30
M'bishi Estate	2,610	-20

JAPAN (continued)

Jan. 28	Price Yen	+ or —
MHI	515	-20
Mitsui Bank	1,780	+80
Mitsui Co	650	+40
Mitsui Estate	2,040	+30
Mitsui Toatsu	443	+6
Mitsukoshi	1,180	—
NGK Insulators	858	+18
Nikko Sec	1,910	+60
Nippon Denso	1,300	-10
Nippon Elect	1,910	-40
Nippon Express	1,320	-40
Nippon Gakki	1,420	-50
Nippon Kogaku	765	-13
Nippon Kokan	245	-8
Nippon Oil	1,230	-40
Nippon Seiko	465	-1
Nippon Shimpan	1,210	-20
Nippon Steel	240	-6
Nippon Suisan	512	-10
Nippon Yusen	521	+11
Nissan Motor	572	—
Nisshin Flour	895	-5
Nomura	3,590	+60
Olympus	1,040	+10
Onoda Cement	828	+4
Orient Finance	1,260	+20
Orient Leasing	4,100	+140
Pioneer	2,210	-50
Ricoh	909	-5
Sankyo	1,660	+20
Sanwa Bank	2,480	+30
Sanyo Elect	361	-9
Sapporo	1,330	—
Sekisui House	1,580	-10
Seven Eleven	8,150	-50
Sharp	990	-10
Shimizu Constn	843	+13
Shionogi	1,690	+50
Shiseido	1,820	-40
Showa Den'ko	409	+2
Sony	3,060	-50
S'tomo Bank	3,300	+110
S'tomo Chem	516	-6
S'tomo Corp	1,060	+20
S'tomo Elect	1,690	+20
S'tomo Metal	156	-7
Taisei Corp	960	—
Taisho Marine	1,220	+60
Taiyo Kobe Bank	1,150	+140
Takeda	2,870	+90
TDK	3,170	-70
Teijin	707	-2
Toa Nenryo	1,630	-10
Tokai Bank	1,860	+20
Tokio Marine	2,130	+30
Tokyo Elect Pwr.	7,870	+20
Tokyo Gas	1,110	+10
Tokyu Corp	1,440	—
Toppan Print	1,660	—
Toray	615	-9
Toshiba Elect	630	-41
Toyo Seikan	2,050	+50
Toyota Motor	1,800	-60
UBE Inds	294	-3
Victor	2,410	-90
Yamaha	610	-10
Yamaichi Sec	1,650	+30
Y'manouchi Phm	3,930	+210
Yamazaki	1,030	-70
Yasuda Fire	1,140	+60

SINGAPORE

Jan. 28	Price $	+ or —
Boustead Hldgs	1.45	+0.05
Gold Storage	3.68	+0.04
DBS	9.95	+0.05
Genting	6.9	+0.1
Haw Par Bros	3.36	+0.06
Hong Leong Fin.	2.74	+0.02
Inchcape Bhd	3.06	+0.02
Keppel Corp	2.78	-0.01
Malay Banking	5.90	+0.05
Malay Utd. Ind	1.34	+0.04
Multi Purpose	0.43	—
OCBC	9.6	+0.1
OUB	3.82	—
Public Bank	1.80	—
Sime Darby	2.46	+0.07
Singapore Air	9.6	+0.25
Singapore Press	7.85	+0.25
Straits Trading	3.86	+0.02
Tat Lee Bank	2.66	—
UOB	4.36	+0.06

SOUTH AFRICA

Jan. 27	Price Rand	+ or —
Abercom	2.95	+0.05
AE & CI	16.5	—
Allied Tech	95.0	—
Anglo Am. Coal	40	—
Anglo Am. Corp	72	+0.75
Anglo Am. Gold	348	-2
Barclays Bank	18.75	-0.25
Barlow Rand	19.35	+0.15
Buffels	78	+1
CNA Gallo	3.0	—
Currie Finance	5.10	—
De Beers	40.45	-0.25
Driefontein	[illegible]	[illegible]
F.S. Cons	[illegible]	[illegible]
Gold Fields S.A.	65	+0.50
Highveld Steel	4.9	—
Malcor	17.5	—
Nedbank	6.40	-0.15
OK Bazaars	14.25	—
Rembrandt	86	+1
Rust Plat	50.5	-2
Safren	18.75	—
Sage Holdings	10.50	—
SA Brews	15.5	+0.4
Smith (CG)	31.75	+0.25
Tongaat Hulett	9.6	—

CANADA

TORONTO

Closing prices January 28

Sales	Stock	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MONTREAL

Closing prices January 28

Sales	Stock	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Total Sales 6,837,154 shares

Indices

NEW YORK — DOW JONES

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

STANDARD AND POORS

N.Y.S.E. ALL COMMON

RISES AND FALLS

TORONTO

MONTREAL Portfolio

* Indices per-close figure

NYSE-Consolidated 3pm Actives

TOKYO — Most Active Stocks
Wednesday, Jan 28, 1987

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

** Saturday January 24: Japan Nikkei 18,539.5, TSE 1,677.12. Base values of all indices are 100 except Brussels SE—1,000, JSE Gold—255.7, JSE Industrial—264.3, and Australia, All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financial and 20 Transports. c Closed. u Unavailable.

LONDON — Most Active Stocks
Wednesday, Jan 28, 1987

	Stocks Traded	Closing Price	Change on Day		Stocks Traded	Closing Price	Change on Day
Brit Gas	35.08m	68	-1	Gen Elect	18.82m	207	-2
Boots	27.62m	268	+5	Guinness	18.00m	288	-1
Amstrad	15.88m	154	+2	TSB	6.30m	82½	-½
Racal	14.50m	212	-5	BOC	5.30m	423	+8
Brit Telecom	11.80m	220	unch	Hanson Trust	5.30m	144	-1½

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued from Page 37

NORTH AMERICAN QUARTERLIES

Continued from Page 20

[illegible]	[illegible]	[illegible]

LONDON

Chief price changes
(in pence unless otherwise indicated)

RISES

Add Consult	142	+ 7
Ar Energy	45	+ 8
Arms Equip	157	+11
Assoc News	513	+15
BPPC	273	+ 7
Cookson	560	+12
Daejan	695	+10
Del Pckg	238	+20
Firstl Oil	38	+ 8
Foth & Harvey	302	+26
Geers Gross	94	+ 7
Gen Oriental	432	+32
Goodh Print	204	+14
Lam Howarth	235	+12
Lopex	148	+ 7
Mag Mats	99	+17
Marler Est	653	+28
Meyer Intl.	290	+11
Randsworth	140	+14
Redland	453	+ 9
Reed Intl.	370	+13
Scot. Nat. Tr	350	+12
Storehouse	282	+10
Str & Fisher	174	+ 8
TI	571	+10
Tarmac	470	+10
Utd News	506	+31
Watmoughs	318	+10

FALLS

Mere House	287	-18
Royal Is	915	-12

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 37

NYSE COMPOSITE CLOSING PRICES

Continued from Page 36

X Y Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
17½	11	WyleLb	.32	2.1	32	315	15⅛	14	15⅛	
25¾	15	Wynns	.80	2.9		118	21	20	20⅞	
72¼	45⅞	Xerox	3	4.5	15	4489	68¼	66⅞	67⅛	−⅝
58¼	55	Xerox	pf5.45	9.7		126	58½	55⅝	56⅞	
28¾	21⅞	XTRA	.64	2.4		127	28⅞	26¾	26⅞	+⅛
19	13½	Yorkln n				55	18¼	17⅞	18	−⅛
7	2¼	Zapata				372	3⅝	3⅛	3¼	
43⅞	20⅝	Zayre s	.32	1.2	18	5742	26⅛	25¼	26	+1⅞
17	9⅞	Zemex	.40	3.5	18	14	11½	11⅜	11½	
28⅞	17⅞	ZenithE				1716	24⅝	24	24⅝	+⅝
18¼	8	ZenLb s			55	886	9¼	8¾	9	−¼
22⅝	12⅞	Zero s	.36	2.2	18	772	17½	16⅝	16⅝	−⅞
45⅞	38¼	Zurnin	1.32	3.2	16	187	41⅝	41	41¼	−⅛
10⅞	8¼	Zweig n.10e		1.1		1292	9¾	9½	9½	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls — sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

OVER-THE-COUNTER

Nasdaq national market, closing prices

Continued on Page 35

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Fresh record after late surge

A LATE surge in prices pushed Wall Street stocks to record levels yesterday on heavy volume for the second day running, *writes Roderick Oram in New York*.

Bond prices moved in step with the dollar in quiet trading, managing to recover from early losses as the US currency pulled up a little from a steep decline.

The Dow Jones industrial average closed up 12.94 points at a record 2,163.39. It was ahead by a similar amount early in the session but quickly fell back to just below the previous day's close. Trading related to stock index futures was again influential in setting the tone of the markets with the trading swinging from share buying programmes to selling programmes and back, the last move bringing the late spurt in prices.

Records were also set by broader market indices with the New York Stock Exchange composite index up 0.87 of a point at 156.72, the American Stock Exchange composite index rising 1.66 points to 299.49 and the Standard & Poor's 500 adding 1.65 points to 275.40.

NYSE volume rose to 196.9m shares traded from 192.3m the previous day while advancing issues outpaced declining issues by a ratio of three-to-two.

The Dow Industrial average was underpinned by several of its component companies which reported higher earnings. American Can gained $¼ to $96¾ and Philip Morris added $2⅜ to $87¼. Du Pont rose $⅜ to $98¼ although its profits were lower and McDonald's fell $⅜ to $67⅞ despite higher profits. Eastman Kodak rose $⅜ to $77. It said it would take a $1 a share charge in its 1986 results for restructuring costs.

Bethlehem Steel added $½ to $7⅝ after reporting a return to profits in the fourth quarter. USX, which announced on Tuesday a $1.42bn loss in the latest quarter partly because of a protracted steel strike, edged up $⅛ to $23¼.

Ocean Drilling rose $¼ to $15⅛. It reported a loss of $5.10 a share for the year against a profit of 65 cents in 1985 but said it had turned the corner.

Hughes Tool, another oilfield service company, was unchanged at $10⅜. Its fourth quarter profits of 57 cents a share against 1 cent a year earlier were heavily bolstered by special gains.

Hughes' merger with Baker International, which dipped $⅛ to $13⅜ is being challenged by the US Justice Department on anti-trust grounds.

Kimberly-Clark jumped $9⅝ to $108½ after a delayed opening to trading because of an order imbalance. The consumer paper products company announced on Tuesday plans to buy back up to 3m shares, a two-for-one stock split, higher earnings and bigger dividend.

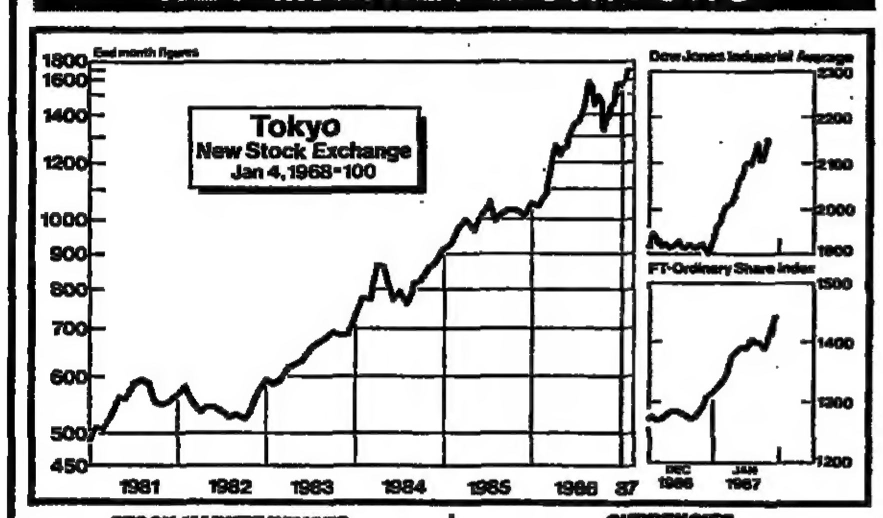
The credit markets remained quiet ahead of the Treasury's announcement later yesterday of its quarterly refinancing plans. The steep slide in the dollar overnight hit bond prices early in the day with the benchmark Treasury long bond slipping below par. It recovered later in the morning as the dollar strengthened on rumours that US authorities were intervening in the markets and that a Group of Five meeting was imminent. At the end of trading, the benchmark bond was up 7/32 from the previous close at 100 7/32, yielding 7.46 per cent. Other bond prices were modestly ahead.

The refinancing will total $29bn consisting of $10bn of three-year notes to be sold February 3, $9.75bn of 7¼ per cent 10-year on February 4, and $9.25bn of 7½ per cent 30-year bonds on February 5. The second and third parts represent reopenings of existing issues. The total was in line with market expectations and should have little impact but the inclusion of 30-year bonds might unsettle the long-end of the market because there were rumours ahead of the announcement that they might be excluded.

The discount rates on three month Treasury bills was unchanged at 5.46 per cent, fell two basis points to 5.42 per cent for sixmonth bills and eased down two basis points to 5.46 per cent for year bills.

Credit markets had been expecting the publication early yesterday of December's durable goods orders but bad weather in Washington this week delayed the release beyond the one day originally announced.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Jan 28	Previous	Year ago
DJ Industrials	2,155.23*	2,150.45	1,556.42
DJ Transport	891.23*	884.93	733.68
DJ Utilities	226.39*	225.93	174.39
S&P Composite	274.24*	273.75	209.81
LONDON			
FT Ord	1,440.4	1,441.6	1,150.0
FT-SE 100	1,812.1	1,814.4	1,426.3
FT-A All-share	904.34	904.21	688.44
FT-A 500	994.56	994.49	755.93
FT Gold mines	331.1	322.9	337.9
FT-A Long gilt	10.01	10.01	10.68
TOKYO			
Nikkei	19,789.93	19,686.83	12,993.7
Tokyo SE	1,723.24	1,702.96	1,041.25
AUSTRALIA			
All Ord.	1,527.6	1,533.3	1,055.6
Metals & Mins.	771.7	772.0	534.5
AUSTRIA			
Credit Aktien	212.37	214.62	244.150
BELGIUM			
Belgian SE	4,047.26	4,040.69	2,817.96
CANADA			
Toronto			
Metals & Minls	2,206.7*	2,217.3	2,258
Composite	3,349.6*	3,339.9	2,837.9
Montreal			
Portfolio	1,705.52*	1,702.10	139.38
DENMARK			
SE	215.84	—	221.61
FRANCE			
CAC Gen	425.70	424.90	283.6
Ind. Tendance	107.20	108.40	168.3
WEST GERMANY			
FAZ-Aktien	575.71	609.77	662.72
Commerzbank	1,741.10	1,839.60	1,997.2
HONG KONG			
Hang Seng	2,553.25	2,524.01	1,754.38
ITALY			
Banca Comm.	701.67	708.52	466.77
NETHERLANDS			
ANP-CBS Gen	257.70	263.10	99.2
ANP-CBS Ind	243.70	249.30	243.3
NORWAY			
Oslo SE	368.50	367.86	375.26
SINGAPORE			
Straits Times	949.02	936.04	605.58
SOUTH AFRICA	Jan 27	Prev	Year Ago
JSE Golds	—	n/a	1,302.7
JSE Industrials	—	n/a	1,077.3
SPAIN			
Madrid SE	247.35	244.41	108.15
SWEDEN			
J & P	2,111.39	2,152.47	1,763.96
SWITZERLAND			
Swiss Bank Ind	570.00	580.60	575.10
WORLD	Jan 27	Previous	Year ago
MS Capital Int'l	387.8	392.9	258.0

COMMODITIES

(London)	Jan 28	Prev
Silver (spot fixing)	370.15p	368.10p
Copper (cash)	£874.75	£884.50
Coffee (March)	£1,623.50	£1,587.50
Oil (Brent Blend)	$18.35	$18.25

GOLD (per ounce)

	Jan 28	Prev
London	$409.875	$411.25
Zürich	$413.25	$411.55
Paris (fixing)	$419.95	$410.71
Luxembourg	$415.50	$408.80
New York (Feb)	$410.60	$410.2

CURRENCIES

(London)	US DOLLAR Jan 28	US DOLLAR Previous	STERLING Jan 28	STERLING Previous
$	—	—	1.5365	1.5355
DM	1.7870	1.8055	2.745	2.7725
Yen	151.65	151.65	233	232.75
FFr	5.9650	6.0325	9.165	9.2625
SFr	1.5020	1.5155	2.3075	2.3275
Guilder	2.0120	2.0360	3.0925	3.1275
Lira	1,271.5	1,283	1,953.75	1,970.00
BFr	37.05	37.60	56.90	57.75
C$	1.3375	1.3435	2.0565	2.0800

INTEREST RATES

Euro-currencies (3-month offered rate)	Jan 28	Prev
£	11 1/16	11⅛
SFr	3 7/16	3 7/16
DM	4¼	4⅜
FFr	9⅝	9¼
FT London Interbank fixing (offered rate)		
3-month US$	6¼	6¼
6-month US$	6¼	6¼
US Fed Funds	6⅛*	5¾
US 3-month CDs	5.80*	6.075
US 3-month T-bills	5.465*	5.66

US BONDS

Treasury		January 28* Price	January 28* Yield	Prev Price	Prev Yield
6%	1989	99 28/32	6.243	99 28/32	6.243
7¼	1993	100 9/32	6.94	100 4/32	6.96
7⅜	1996	100 27/32	7.125	100 17/32	7.16
7½	2016	100 15/32	7.468	100	7.497

Source: Harris Trust Savings Bank

Treasury Index Maturity (years)	Jan 28 Return index	Day's change	Yield	Day's change
1–30	162.08	+0.21	6.88	−0.02
1–10	154.01	+0.11	6.58	−0.01
1–3	143.48	+0.04	6.26	+0.0
3–5	157.00	+0.12	6.65	−0.02
15–30	190.87	+0.57	7.86	−0.03

Source: Merrill Lynch

Corporate	January 28* Price	January 28* Yield	Prev Price	Prev Yield
AT & T				
3⅞ July 1990	92.375	6.40	92.217	6.45
SCBT South Central				
10⅜ Jan 1993	105.875	9.58	105.875	9.584
Phibro-Sal				
8 April 1996	100	8	100.75	7.881
TRW				
8⅜ March 1996	104.50	8.04	104.50	8.040
Arco				
9⅞ March 2016	112.75	8.66	112.75	8.666
General Motors				
8⅛ April 2016	$94	8.69	94.75	8.618
Citicorp				
9⅜ March 2016	$103.25	9.05	103.25	9.055

Source: Salomon Brothers

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT) 8% 32nds of 100%				
March	99-28	100-03	99-09	99-20
US Treasury Bills (IMM) $1m points of 100%				
March	94.64	94.65	94.58	94.63
Certificates of Deposit (IMM) $1m points of 100%				
March	—	—	—	94.27
LONDON				
Three-month Eurodollar $1m points of 100%				
March	93.84	93.87	93.81	93.89
20-year Notional Gilt £50,000 32nds of 100%				
March	114-27	114-31	114-12	114-21

* *Latest available figures*

TOKYO

Rate hopes usher in fifth record

FINANCIAL stocks continued to rise sharply in Tokyo yesterday, taking the Nikkei average 103.10 higher to a fifth consecutive record of 19,789.93, *writes Shigeo Nishiwaki of Jiji Press*.

Trading houses and pharmaceuticals firmed, but large-capital issues came under profit-taking pressure.

Despite the upsurge, which at one stage took the index 174 points higher, losers led advances 467 to 432, with 104 issues unchanged. With the start of trading for delivery next month, securities house dealers stepped up transactions, expanding turnover sharply from Tuesday's 877m shares to 1,547m.

Most market participants appear to believe stock prices will continue to gain in February in view of an expected cut in the official discount rate and brokerage houses' efforts to keep prices rising until the stock of Nippon Telegraph & Telephone Corporation is listed on February 9.

Some investors, however, showed caution about price levels and took profits in steel and shipbuilding stocks.

Nippon Steel, which has been popular among investors seeking a prompt profit, remained the most active issue, with 289m shares traded. But the stock lost Y6 to Y240 in active selling. Mitsubishi Heavy Industries dropped Y24 to Y515 on the second heaviest trading of 45m shares. Other large-capital steels, shipbuildings and chemicals sagged, with Kawasaki Steel falling Y8 to Y209 and Sumitomo Chemical Y6 to Y516.

Traders bought financial stocks, believing the expected discount rate cut would increase profits. Another factor was the inclusion of financial issues in investment trust portfolios.

Tokio Marine & Fire Insurance rose Y30 to Y2,130 on the third heaviest trading of 35m shares, while the Long-Term Credit Bank of Japan chalked up a daily limit advance of Y2,000 to Y17,600. Sumitomo Bank jumped Y110 to Y3,300 and Nomura Securities finished Y60 higher at Y3,590.

Among trading houses, Mitsui and Co. added Y40 to Y650, with 35m shares changing hands, while Mitsubishi Corp. increased Y70 to Y1,190 on trade of 33m shares.

Railways were also bought after a long period of neglect. Tobu Railway and Odakyu Electric Railway gained Y15 each to Y940 and Y985 respectively.

Buying spread to pharmaceuticals and Yamanouchi Pharmaceutical climbed Y210 to Y3,930. Takeda Chemical was Y90 up at Y2,670. Cements also firmed, with Onoda Cement adding Y4 to Y623.

The yen's rise against the dollar led investors to sell blue chips in small lots. Matsushita Electric Industrial declined Y60 to Y1,850, NEC Y40 to Y1,910 and Hitachi Y20 to Y1,000.

Buying was active on the bond market as city, regional and trust banks as well as non-life insurance companies joined in the market. In block trading, the yield on the 5.1 per cent government bond due in June 1996 fell from Tuesday's 4.960 per cent to 4.870 per cent. In over-the-counter trading after the close, the yield fell further to 4.860 per cent.

SOUTH AFRICA

THE STRENGTH of the financial rand continued to dampen Johannesburg, with gold shares closing mixed in spite of the further rise in the bullion price.

Industrials gained more ground, however, to push the index up 11 to a record 1,510.

Non-gold mining stocks remained steady, while platinums and mining financials were mixed.

EUROPE

Frankfurt in nosedive as dollar falls

THE RAPID drop in the dollar pushed key European bourses sharply lower yesterday as nervousness grew over the likely impact on exports and earnings.

Frankfurt saw the largest ever single day fall in the Commerzbank index, which lost 98.5 to 1,741.1 a 12-month low. The speed of the dollar's fall shook the market and accelerated the decline in share prices, resulting in a 171.3-point fall in the index so far this week.

However, turnover was very thin, exaggerating movements in share prices, and some buying brought a slight revovery later in the session.

"The market is ignoring the dramatic rises on Wall Street and reacting exclusively to the gyrations and the weakness in the dollar," a leading London broker said. He added that there had been very low volume in Frankfurt all week as investors remained uncertain how to react to the Kohl coalition's losses in the West German elections last Sunday.

A report by West-LB said that shares could be given a boost from a dollar recovery on central bank intervention and a possible meeting of the G-5 finance ministers.

Among dollar- sensitive car stocks, Daimler-Benz plunged DM 55 to DM 985 for a fall this week of DM 117.

Other car shares followed suit, with VW losing DM 23.50 to DM 350 and Porsche plummeting DM 80 to DM 860 both 12-month lows BMW was off DM 16 to DM 475.

The selling mainly by foreign institutions also hit Siemens, down DM 19 to DM 657 in advance of news of lower 1986 group profit. In the same sector, AEG fell DM 14 to DM 293.

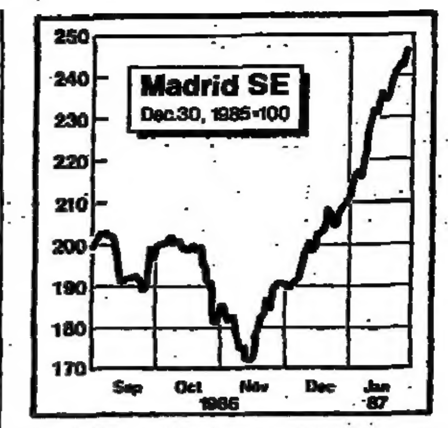
Chemicals Hoechst and Siemens, under investigation by the European Commission for suspected price-fixing on polyethylene and PVC, dropped DM 6 each to DM 236 and DM 243 respectively.

Deutsche Babcock, which with Lentjes has won a boiler order from the city of Düsseldorf, eased DM 4 to DM 220.

In retailers, generally less badly hit than sectors that depend on exports, Kaufhof dropped DM 23 to DM 495. The Federal Cartel Office is lifting its ban on Metro International of Switzerland raising its stake in Kaufhof above 24.9 per cent.

Bonds closed mixed to easier, with long maturities little changed. The Bundesbank bought DM 144.7m worth of paper after buying DM 26.5m on Tuesday.

Amsterdam was also dominated by the dollar, with share prices lower on growing concern about Dutch companies' earnings prospects, but off the session's lows as Wall Street started firmer.



Fairly heavy turnover saw many investors selling and turning their sights on bull markets such as Wall Street.

The ANP-CBS General index, like the Commerzbank index calculated at midsession, lost 5.4 to 257.7.

Zurich also fell heavily on foreign selling but share prices ended off their lows in heavy trading. The dollar's losses combined with concern over Frankfurt's plunge to undermine the market.

Banks saw Swiss Bank lose SFr 13 to SFr 518 while Bank Leu, whose annual results are due today, eased SFr 50 to SFr 3,475.

Paris, too, was hit by the weak dollar which offset an early rally based on Wall Street's overnight record. The market was also depressed by the continuing strength of money market interest rates.

Elf Aquitaine, which reported lower but "satisfactory" 1986 earnings, moved against the market trend, adding FFr 7 to FFr 347.

Madrid once again stood out against the general European trend, hitting another peak, its fourth in a row, with a 2.94 rise in the general index to 247.35.

Metals, chemicals, textiles and foods were all strong sectors and market leader Telefonica rose 1.3 percentage points to 184 per cent of nominal market value.

Only utilities were lower, with Iberduero losing 1.2 points to 151.5 per cent.

Brussels, too, was slightly higher against the wider trend as foreign, and especially French, buyers sought shares that have recently avoided the falls seen on other European bourses.

Trading in Côte d'Or shares remained suspended amid speculation that either Nestlé or Jacobs Suchard of Switzerland was planning a takeover bid.

Steel maker Cockerill Sambré added BFr 1 to BFr 139. The company announced its losses had narrowed in 1986.

Milan closed lower, depressed by the fall in the dollar and by position-squaring prior to today's bourse settlement day.

Stockholm was also down in thin trading with sentiment dampened by higher interest rates. Oslo moved slightly higher.

LONDON

CAUTION from international investors in the face of rumours towards the close of impending moves to stabilise the dollar shaved off some of Tuesday's record gains in the London equity market.

Generally bearish programmed selling provoked the early decline and an attempted rally ran out of steam as Wall Street trimmed its morning gains and as currency rumours introduced uncertainty.

The FT-SE 100 index edged 2.3 off at 1,812.1 after touching a new peak at midsession. The FT Ordinary index shed 1.2 at 1,440.4.

Gilts opened firmly at first as the UK trade figures showed a deficit below market expectations, but the sector faded later as gilt futures faltered amid the currency market rumours.

Chief price changes, Page 35; Details, Page 34, Share information service, Pages 32–33.

CANADA

BUSY trading shored up many of the advances made in Toronto on Tuesday when the Composite index climbed 42.3 to a record high of 3,339.9.

Bank shares attracted interest, Canadian Imperial Bank of Commerce adding C$⅝ toi C$22⅞ and Bank of Montreal putting on C$⅝ to C$38⅝.

Montreal and Vancouver also improved.

AUSTRALIA

A SPATE of selling in advance of today nervously awaited consumer price index figures depressed Sydney, trimming 6 points from the All Ordinaries index to leave it at 1,527.6.

Industrials and resources eased slightly with leading stock BHP slipping16 cents to A$9.20 in heavy trade of 14m shares as industry workers rejected attempts to resolve growing unrest at Broken Hill mines.

SINGAPORE

BARGAIN-hunters and investors covering short positions took advantage of two hours of trading before the Chinese New Year holiday to push Singapore prices higher over a wide front. The Straits Times industrial index rose 12.98 to 949.02.

Institutional buying bolstered blue chips, taking SIA up 25 cents to S$9.80, Fraser and Neave up 20 cents to S$9.70 and Metro up 20 cents to S$7.05.

HONG KONG

STRONG local buying of selected blue chips lifted Hong Kong sharply after the fillip given by China International Trust and Investment Corporation's acquisition of 12.5 per cent of Cathay Pacific Airways. The Hang Seng index closed up 29.24 at 2,553.25.

Cathay and Swire Pacific, majority shareholders, remained suspended at HK$5.60 and HK$19.20 respectively.